

TOWN OF CHENEYVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022



TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1-3 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENTAL AUDITING STANDARDS</i> | 4-5 |
| REQUIRED SUPPLEMENTAL INFORMATION (Part I) | |
| Management's Discussion and Analysis..... | 6-9 |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| Statement of Net Position..... | 10 |
| Statement of Activities..... | 11 |
| FUND FINANCIAL STATEMENTS | |
| Governmental Funds | |
| Balance Sheet | 12 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance..... | 13 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 14 |
| Proprietary Funds | |
| Statement of Net Position..... | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets | 16 |
| Statement of Cash Flows..... | 17-18 |
| NOTES TO THE FINANCIAL STATEMENTS..... | 19-27 |
| REQUIRED SUPPLEMENTAL INFORMATION (PART II) | |
| General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances (Budget and Actual)..... | 28 |
| OTHER SUPPLEMENTAL INFORMATION | |
| Schedule of Compensation Paid to Board Members..... | 29 |
| Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer | 30 |
| Justice System Funding Schedule – Collecting/Disbursing Entity | 31 |
| Schedule of Findings..... | 32-34 |
| Management's Corrective Action Plan | 35-36 |
| Summary of Prior Year Findings..... | 37-38 |
| Appendix A – Statewide Agreed Upon Procedures..... | A1-A22 |



December 30, 2022

Independent Auditors' Report

The Honorable Derrick Johnson, Mayor
and the Board of Aldermen
Town of Cheneyville, Louisiana

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Cheneyville, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Cheneyville, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cheneyville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cheneyville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

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guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Cheneyville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cheneyville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information described in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cheneyville's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer, the Schedule of Per Diem Paid to Board Members, and the Justice System Funding Schedule, described as additional information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information 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 December 30, 2022 on our consideration of the Town of Cheneyville'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 Town of Cheneyville's internal control over financial reporting and compliance.



ROZIER, MCKAY & WILLIS
Certified Public Accountants
Alexandria, LA



December 30, 2022

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*

The Honorable Derrick Johnson, Mayor
And the Board of Alderman
Town of Cheneyville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Cheneyville's basic financial statements, and have issued our report herein dated December 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cheneyville'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 Cheneyville's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Cheneyville'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies that we consider to be a material weakness in internal control. We identified three significant deficiencies in internal control; (2022-001, 2022-004, 2022-006); described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cheneyville’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 six instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, (2022-002, 2022-003, 2022-005, 2022-007, 2022-008, 2022-009).

Town of Cheneyville’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Cheneyville’s response was not subjected to the other auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



ROZIER, MCKAY & WILLIS
Certified Public Accountants
Alexandria, LA

This section of the Town of Cheneyville's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2022.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing water and sewer services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with water and sewer services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's water and sewer services. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

Town of Cheneyville
Management's Discussion and Analysis
June 30, 2022

| | June 30, 2022 | | | For the Year Ended June 30, 2021 |
|----------------------------------|---------------------------------|---------------------------------|---------------------|---|
| | Govern- mental Activities | Business- Type Activities | Total | |
| <u>Assets:</u> | | | | |
| Current and Other Assets | \$ 188,351 | \$ 258,522 | \$ 446,873 | \$ 496,792 |
| Internal Balances | 233,430 | (233,430) | ---- | ---- |
| Capital Assets | 1,080,688 | 1,755,868 | 2,836,556 | 3,116,940 |
| Total Assets | <u>1,502,469</u> | <u>1,780,960</u> | <u>3,283,429</u> | <u>3,613,732</u> |
| <u>Liabilities:</u> | | | | |
| Current and Other Liabilities | 89,235 | 66,327 | 155,562 | 282,223 |
| Long-term Liabilities | ---- | 820,000 | 820,000 | 820,000 |
| Total Liabilities | <u>89,235</u> | <u>886,327</u> | <u>975,562</u> | <u>1,102,223</u> |
| <u>Net Position:</u> | | | | |
| Invested in Capital Assets (Net) | 1,080,688 | 935,868 | 2,016,556 | 2,296,940 |
| Restricted | ---- | ---- | ---- | ---- |
| Unrestricted | 332,546 | (41,235) | 291,311 | 214,569 |
| Total Net Position | <u>\$ 1,413,234</u> | <u>\$ 894,633</u> | <u>\$ 2,307,867</u> | <u>\$ 2,511,509</u> |

As the presentation appearing above demonstrates, the largest portion of the Town's net position (87.4%) is invested in capital assets. Net position invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The Town's net position improved during the year due to prudent use of the Town's resources.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

Town of Cheneyville
Management's Discussion and Analysis
June 30, 2022

| | For the Year Ended June 30, 2022 | | | |
|--|---|---------------------------------|--------------------|---|
| | Governmental Activities | Business-Type Activities | Total | For the Year Ended June 30, 2021 |
| Revenues: | | | | |
| Program Revenue: | | | | |
| Charges for Services | \$ 134,740 | \$ 297,900 | \$ 432,640 | \$ 542,484 |
| Operating Grants and Contributions | 120,497 | 11,161 | 131,658 | 60,845 |
| Capital Grants and Contributions | ---- | ---- | ---- | 553,993 |
| General Revenue: | | | | |
| Sales Taxes | 248,708 | ---- | 248,708 | 245,872 |
| Property Taxes | 20,908 | ---- | 20,908 | 11,346 |
| Franchise Taxes | 25,546 | ---- | 25,546 | 25,381 |
| Occupational Licenses | 25,389 | ---- | 25,389 | 16,915 |
| Miscellaneous | 27,773 | 192 | 27,965 | 21,263 |
| Total Revenue | 603,561 | 309,253 | 912,814 | 1,478,099 |
| Program Expenses: | | | | |
| General Government | 322,690 | ---- | 322,690 | 228,586 |
| Public Safety | | | | |
| Police Department | 95,787 | ---- | 95,787 | 117,287 |
| Fire Department | | | | |
| Public Works | 234,500 | ---- | 234,500 | 806,121 |
| Utilities | ---- | 453,306 | 453,306 | ---- |
| Recreation | 10,173 | ---- | 10,173 | 9,208 |
| Total Expenses | 663,150 | 453,306 | 1,116,456 | 1,161,202 |
| Increase (Decrease) in Net Position Before Transfers | (59,589) | (144,053) | (203,642) | 316,897 |
| Transfers | 66,623 | (66,623) | ---- | ---- |
| Change in Net Position | 7,034 | (210,676) | (203,642) | 316,897 |
| Net Position Beginning: | 1,406,200 | 1,105,309 | 2,511,509 | 2,194,612 |
| Net Position Ending | \$ 1,413,234 | \$ 894,633 | \$2,307,867 | \$ 2,511,509 |

Governmental activities before transfers experienced a decrease of \$59,589, and business-type activities before transfers experienced a decrease in net position of \$144,053. These decreases are due to recording depreciation of the Town's capital assets.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$332,546, which represents an increase of \$70,488 in comparison to the previous balance.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget and the budget is amended as necessary. The budget was amended to report additional income from the Parish Road District 3A and appropriations related to street improvements.

Capital Asset Administration

In the current year, the Town's capital asset administration was limited to the purchase of a police vehicle.

Debt Administration

The Town began making payments on its Utility Revenue Bonds in the current year.

Factors Expected to Affect Future Operations

The significant improvements to the Town's streets, sidewalks, and water and sewer system will improve the Town's services for its citizens.

Town of Cheneyville

STATEMENT OF NET POSITION

June 30, 2022

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 143,785 | \$ 100,604 | \$ 244,389 |
| Investments | - | 128,233 | 128,233 |
| Receivables (Net) | 40,534 | 29,685 | 70,219 |
| Internal Balances | 233,430 | (233,430) | - |
| Restricted Assets - Cash | 4,032 | - | 4,032 |
| Capital Assets: | | | |
| Non Depreciable Capital Assets | 64,932 | 45,323 | 110,255 |
| Depreciable Assets, Net | <u>1,015,756</u> | <u>1,710,545</u> | <u>2,726,301</u> |
| Total Assets | <u>1,502,469</u> | <u>1,780,960</u> | <u>3,283,429</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable and other Payables | 89,235 | 8,833 | 98,068 |
| Deposits due others | - | 57,494 | 57,494 |
| Long-Term liabilities | | | |
| Long-Term Debt | | | |
| Due within one year | - | 80,000 | 80,000 |
| Due in more than one year | <u>-</u> | <u>740,000</u> | <u>740,000</u> |
| Total Liabilities | <u>89,235</u> | <u>886,327</u> | <u>975,562</u> |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | 1,080,688 | 935,868 | 2,016,556 |
| Unrestricted | <u>332,546</u> | <u>(41,235)</u> | <u>291,311</u> |
| Total Net Position (deficit) | <u>\$ 1,413,234</u> | <u>\$ 894,633</u> | <u>\$ 2,307,867</u> |

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

Town of Cheneyville

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|---------------------|-------------------------|--|--------------------------------------|--|---------------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants & Contributions | Governmental Activities | Business- Type Activities | Total |
| <u>Governmental Activities:</u> | | | | | | | |
| General Government | \$ 322,690 | \$ - | \$ 120,497 | \$ - | \$ (202,193) | \$ - | \$ (202,193) |
| Public Safety | 95,787 | 75,538 | - | - | (20,249) | - | (20,249) |
| Streets and Drainage | 234,500 | 59,202 | - | - | (175,298) | - | (175,298) |
| Culture and Recreation | 10,173 | - | - | - | (10,173) | - | (10,173) |
| Total Governmental Activities | <u>663,150</u> | <u>134,740</u> | <u>120,497</u> | <u>-</u> | <u>(407,913)</u> | <u>-</u> | <u>(407,913)</u> |
| <u>Business-Type Activities:</u> | | | | | | | |
| Utility System | 453,306 | 297,900 | 11,161 | - | - | (144,245) | (144,245) |
| Total Business-Type Activities | <u>453,306</u> | <u>297,900</u> | <u>11,161</u> | <u>-</u> | <u>-</u> | <u>(144,245)</u> | <u>(144,245)</u> |
| Total Primary Government | <u>\$ 1,116,456</u> | <u>\$ 432,640</u> | <u>\$ 131,658</u> | <u>\$ -</u> | <u>(407,913)</u> | <u>(144,245)</u> | <u>(552,158)</u> |
| <u>General Revenues:</u> | | | | | | | |
| Taxes: | | | | | | | |
| Ad Valorem | | | | | 20,908 | - | 20,908 |
| Sales Taxes | | | | | 248,708 | - | 248,708 |
| Franchise | | | | | 25,546 | - | 25,546 |
| Occupational Licenses | | | | | 25,389 | - | 25,389 |
| Other | | | | | 27,773 | 192 | 27,965 |
| Transfers | | | | | 66,623 | (66,623) | - |
| Total General Revenues and Transfers | | | | | <u>414,947</u> | <u>(66,431)</u> | <u>348,516</u> |
| Change in Net Assets | | | | | 7,034 | (210,676) | (203,642) |
| Net Position Beginning | | | | | <u>1,406,200</u> | <u>1,105,309</u> | <u>2,511,509</u> |
| Net Position Ending | | | | | <u>\$ 1,413,234</u> | <u>\$ 894,633</u> | <u>\$ 2,307,867</u> |

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

Town of Cheneyville

Balance Sheet

Governmental Funds - June 30, 2022

| | <u>General</u> |
|--|--------------------------|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$ 143,785 |
| Receivables (Net) | 40,534 |
| Interfund Receivable | 233,430 |
| Restricted Cash | <u>4,032</u> |
| Total Assets | <u>\$ 421,781</u> |
| <u>Liabilities and Fund Balance</u> | |
| <u>Liabilities:</u> | |
| Accounts Payable and Other Payables | <u>\$ 89,235</u> |
| Total Liabilities | <u>89,235</u> |
| <u>Fund Balance:</u> | |
| Unassigned | <u>332,546</u> |
| Total Fund Balance | <u>332,546</u> |
| Total Liabilities and Fund Balance | <u>\$ 421,781</u> |

| Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position | |
|--|----------------------------|
| Total Fund Balances - Governmental Funds | \$ 332,546 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | <u>1,080,688</u> |
| Net Position of Governmental Activities | <u>\$ 1,413,234</u> |

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

Town of Cheneyville

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2022

| | General Fund |
|---|-------------------|
| <u>Revenues:</u> | |
| Ad Valorem | \$ 20,908 |
| Sales Tax | 248,708 |
| Franchise Taxes | 25,546 |
| Occupational Licenses | 25,389 |
| Charges for Services | 59,202 |
| Fines and Forfeitures | 75,538 |
| Intergovernmental | 125,497 |
| Other | 22,774 |
| Total Revenues | 603,562 |
| <u>Expenditures:</u> | |
| Current: | |
| General Government | 314,829 |
| Public Safety | 86,088 |
| Streets and Drainage | 183,690 |
| Culture and Recreation | 6,590 |
| Capital Expenditures | 8,500 |
| Total Expenditures | 599,697 |
| Excess (Deficiency) of Revenue Over Expenditures | 3,865 |
| <u>Other financing sources (uses):</u> | |
| Operating Transfers | 66,623 |
| Total other financing sources (uses) | 66,623 |
| Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 70,488 |
| Fund Balance - Beginning of Year | 262,058 |
| Fund Balance - End of Year | \$ 332,546 |

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

Town of Cheneyville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Net change in fund balances of Governmental Funds \$ 70,488

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 Expenditures | 8,500 | |
| Depreciation Expense | <u>(71,954)</u> | <u>(63,454)</u> |

Change in net position of Governmental Activities \$ 7,034

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

Town of Cheneyville

Statement of Net Position

Proprietary Funds - Year Ended June 30, 2022

| | <u>Utility System</u> |
|---|---------------------------|
| <u>Assets</u> | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 100,604 |
| Investments | 128,233 |
| Receivables (Net) | <u>29,685</u> |
| Total Current Assets | <u>258,522</u> |
| Noncurrent Assets: | |
| Land | 45,323 |
| Depreciable Capital Assets, Net | <u>1,710,545</u> |
| Total Noncurrent Assets | <u>1,755,868</u> |
| Total Assets | <u>2,014,390</u> |
| <u>Liabilities:</u> | |
| Current Liabilities: | |
| Accounts and Other Payables | 8,833 |
| Interfund Payable | 233,430 |
| Deposits due others | 57,494 |
| Current Portion of Long-Term Debt | <u>80,000</u> |
| Total Current Liabilities | <u>379,757</u> |
| Noncurrent Liabilities | |
| Long-Term Debt - Noncurrent Portion | <u>740,000</u> |
| Total liabilities | <u>1,119,757</u> |
| <u>Net Position:</u> | |
| Invested in capital assets, net of related debt | 935,868 |
| Unrestricted | <u>(41,235)</u> |
| Total net position | <u>\$ 894,633</u> |

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

Town of Cheneyville

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2022

| | <u>Utility System</u> |
|--|---------------------------|
| <u>Operating Revenues:</u> | |
| Service Fees | 297,900 |
| Other | - |
| Total Operating Revenues | <u>297,900</u> |
| <u>Operating Expenses:</u> | |
| Salaries and Wages | 34,399 |
| Legal and Professional | 1,684 |
| Insurance | 36,268 |
| Repairs and Maintenance | 42,175 |
| Supplies and Chemicals | 11,205 |
| Employee Benefits | 2,662 |
| Utilities and Telephone | 66,709 |
| Permits and Testings | 13,159 |
| Depreciation Expense | 216,930 |
| Other Expenses | 18,673 |
| Total Operating Expenses | <u>443,864</u> |
| Operating Income (Loss) | <u>(145,964)</u> |
| <u>Non-Operating Revenues (Expenses):</u> | |
| Grant Proceeds | 11,161 |
| Interest Income | 192 |
| Interest Expense | (9,442) |
| Change in Net Assets before Contributions and Transfers | (144,053) |
| <u>Contributions and Transfers:</u> | |
| Operating Transfers | <u>(66,623)</u> |
| Change in Net Position | <u>(210,676)</u> |
| Total Net Position - Beginning | <u>1,105,309</u> |
| Total Net Position - Ending | <u><u>\$ 894,633</u></u> |

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

Town of Cheneyville

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2022

| | <u>Utility System</u> |
|---|---------------------------|
| <u>Cash flow from operating activities:</u> | |
| Cash received from customers | \$ 295,649 |
| Cash payments to suppliers of goods and services | (225,405) |
| Cash payments to employees for service | <u>(34,399)</u> |
| | |
| Net cash provided (used) by operating activities | <u>35,845</u> |
| | |
| <u>Cash flows from non-capital financing activities:</u> | |
| Operating transfers, net | <u>(66,623)</u> |
| | |
| Net cash provided (used) by non-capital financing activities | <u>(66,623)</u> |
| | |
| <u>Cash flows from capital and related financing activities:</u> | |
| Capital Grant Proceeds | 11,161 |
| Interest paid on Debt | <u>(9,442)</u> |
| | |
| Net cash provided (used) by capital and related financing activities | <u>1,719</u> |
| | |
| <u>Cash flows from investing activities:</u> | |
| Purchase of Investments | (9,325) |
| Interest and other income | <u>192</u> |
| | |
| Net cash provided (used) by investing activities | <u>(9,133)</u> |
| | |
| Net increase (decrease) in cash | (38,192) |
| Beginning cash balance | <u>138,796</u> |
| Ending cash balance | 100,604 |
| Cash - Restricted | <u>-</u> |
| Cash - Unrestricted | <u>\$ 100,604</u> |

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

Town of Cheneyville

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2022

| | <u>Utility System</u> |
|--|------------------------------------|
| <u>Reconciliation of operating income (loss) to net cash</u> | |
| Operating Income (loss) | \$ (145,964) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 216,930 |
| (Increase) decrease in accounts receivable | (2,251) |
| (Decrease) increase in accounts payable | (32,870) |
| (Decrease) increase in meter deposits | <u>-</u> |
| | |
| Net cash provided (used) by operating activities | <u><u>\$ 35,845</u></u> |

Supplemental disclosures of cash flow information:

For the years ended June 30, 2022 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

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

TOWN OF CHENEYVILLE

Notes to Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Cheneyville, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety, streets and drainage, recreation, public improvements, utility (water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Cheneyville, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board establishes criteria for determining which component units should be considered part of the Town of Cheneyville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the Town to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
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 upon the above criteria, the Town of Cheneyville has no component units for the year ended June 30, 2022.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize 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 operate in a manner similar to private sector enterprises.

TOWN OF CHENEYVILLE

Notes to Financial Statements

June 30, 2022

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

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most inter-fund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

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 proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Governmental Funds

- General fund – The general fund is the primary operating fund and is used to account for all governmental activities.

Proprietary Funds

- Utility System – The Utility System is used to account for the distribution of drinkable water to the Town's citizens and wastewater operations of the Town and is supported by user fees.

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 natural gas, water and sewer service.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

Financial Statement Presentation

Government-Wide Financial Statements

Fund Financial Statements:

Governmental Funds

Proprietary Funds

Basis of Accounting

Accrual Basis

Modified Accrual Basis

Accrual Basis

Measurement Focus

Economic Resources

Current Financial Resources

Economic Resources

TOWN OF CHENEYVILLE

Notes to Financial Statements

June 30, 2022

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other-financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from fines and court cost are not recognized until they are collected.

Use of Estimates

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.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

TOWN OF CHENEYVILLE

Notes to Financial Statements

June 30, 2022

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Compensated Absences

Employees have limited ability to accumulate unused leave and do not have a vested interest in unused leave. Accordingly, there are no liabilities associated with compensated absences.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Fund Balance Classification

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2022, cash and cash equivalents included the following amounts:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---------------------------|---|--|---------------------|
| Cash Deposits | \$ 147,467 | \$ 100,544 | \$ 248,011 |
| Cash on Hand | 350 | 60 | 410 |
| Total Cash | 147,817 | 100,604 | 248,421 |
| Restricted Cash | 4,032 | --- | 4,032 |
| Cash and Cash Equivalents | <u>\$ 143,785</u> | <u>\$ 100,604</u> | <u>\$ 244,389</u> |

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits 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

TOWN OF CHENEYVILLE

Notes to Financial Statements

June 30, 2022

fiscal agent. 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. At June 30, 2022, the Town has \$244,389 in deposits (collected bank balance of \$299,757). These deposits are protected by FDIC insurance in the amount of \$250,000 and pledged securities with a market value of \$72,082. The pledged securities are held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law 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.

NOTE 3 - INVESTMENTS

Included in the investment balance at year-end is \$128,233 held by the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities that have contracted to participate in LAMP have an investment interest in its 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 LA – R.S. 33:2955.

Generally accepted accounting principles require 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 an external investment pool that, to the extent practical, invest in a manner consistent with Generally Accepted Accounting Principles for investment pools. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAA 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, but 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: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 56 days from LAMP's monthly Portfolio Holdings as of June 30, 2022.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. 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 net asset 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.

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2022

NOTE 4 - RECEIVABLES

Receivables at June 30, 2022, consisted of the following:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|------------------|
| <u>Accounts Receivable</u> | | | |
| Charges for Services | \$ 6,533 | \$ 29,685 | \$ 36,218 |
| Franchise Taxes | 5,410 | ---- | 5,410 |
| Total Accounts Receivables | <u>11,943</u> | <u>29,685</u> | <u>41,628</u> |
| <u>Due From Other Governmental Units</u> | | | |
| Rapides Parish Police Jury | 28,591 | ---- | 28,591 |
| Total Due From Other Governmental Units | <u>28,591</u> | <u>----</u> | <u>28,591</u> |
| Total Receivables | 40,534 | 29,685 | 70,219 |
| Allowance for Doubtful Accounts | ---- | ---- | ---- |
| Net Receivables | <u>\$ 40,534</u> | <u>\$ 29,685</u> | <u>\$ 70,219</u> |

NOTE 5 – LONG –TERM LIABILITIES

Any debt attributable to the acquisition of the Town’s utility system and the operation of the utility system is reported as an obligation of the Town’s business-type enterprise funds. Remaining debts are reported as governmental activities. The Town’s debts are summarized as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-------------------------------------|------------------------------------|-------------------------------------|-------------------|
| <u>Long-Term Liabilities</u> | | | |
| Revenue Bonds | \$ ---- | \$ 820,000 | \$ 820,000 |
| Due Within One Year | ---- | <u>80,000</u> | <u>80,000</u> |
| Due in More Than One Year | <u>\$ ----</u> | <u>\$ 740,000</u> | <u>\$ 740,000</u> |

Debt Instruments

Long-term liabilities include debt instruments that are summarized as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|-------------------|---------------------------|
| <u>Business-Type Activities</u> | | | | |
| Revenue Bonds | \$ 820,000 | \$ ---- | \$ ---- | \$ 820,000 |

A description of the debt instrument is presented as follows:

\$820,000 Utility Revenue Bonds Series 2021, bearing interest at a rate ranging from 0.99% to 3.00%, payable in annual installments ranging from \$30,000 to \$55,000 with the final installment due in 2041. \$ 820,000

TOWN OF CHENEYVILLE

Notes to Financial Statements ***June 30, 2022***

Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

| <u>Year Ended June 30th</u> | <u>Business-Type Activities</u> | |
|--|---------------------------------|-----------------|
| | <u>Principal Installments</u> | <u>Interest</u> |
| 2023 | \$ 80,000 | \$ 27,732 |
| 2024 | 40,000 | 18,072 |
| 2025 | 40,000 | 17,604 |
| 2026 | 40,000 | 17,072 |
| 2027 | 40,000 | 16,464 |
| 2028-2030 | 215,000 | 70,465 |
| 2031-2035 | 195,000 | 42,600 |
| 2036-2040 | 170,000 | 13,050 |
| Total Governmental | \$ 820,000 | \$ 223,059 |

NOTE 6 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Rapides Parish. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in late November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2022, the Town levied 8.75 mills of ad valorem taxes totaling \$20,908 which were dedicated to the general corporate purposes of the Town.

NOTE 7 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|---------------------------------------|--------------------------|------------------|------------------|-----------------------|
| <u>Governmental Activities</u> | | | | |
| Non-Depreciable Capital Assets | | | | |
| Construction in Progress | \$ 27,526 | \$ --- | \$ ---- | \$ 27,526 |
| Land | 37,406 | ---- | ---- | 37,406 |
| Total | 64,932 | ---- | ---- | 64,932 |
| Depreciable Capital Assets | | | | |
| Buildings | 289,242 | ---- | ---- | 289,242 |
| Improvements | 1,356,654 | ---- | ---- | 1,356,654 |
| Equipment/Vehicles | 446,795 | 8,500 | ---- | 455,295 |
| Accumulated Depreciation | (1,013,481) | (71,954) | ---- | (1,085,435) |
| Total | 1,079,210 | (63,454) | ---- | 1,015,756 |

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2022

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Total Governmental Activities | <u>\$ 1,144,142</u> | <u>\$ (63,454)</u> | <u>\$ ----</u> | <u>\$ 1,080,688</u> |
| <u>Business-Type Activities</u> | | | | |
| Non-Depreciable Capital Assets | | | | |
| Construction in Progress | \$ ---- | \$ ---- | \$ ---- | \$ ---- |
| Land | 45,323 | ---- | ---- | 45,323 |
| Total | <u>45,323</u> | <u>----</u> | <u>----</u> | <u>45,323</u> |
| Depreciable Capital Assets | | | | |
| Sewer System | 4,064,923 | ---- | ---- | 4,064,923 |
| Vehicles | 13,046 | ---- | ---- | 13,046 |
| Buildings | 3,159 | ---- | ---- | 3,159 |
| Equipment | 384,195 | ---- | ---- | 384,195 |
| Water Distribution System | 2,779,775 | ---- | ---- | 2,779,775 |
| Accumulated Depreciation | <u>(5,317,623)</u> | <u>(216,930)</u> | <u>----</u> | <u>(5,534,553)</u> |
| Total | <u>1,927,475</u> | <u>(216,930)</u> | <u>----</u> | <u>1,710,545</u> |
| Total Business-Type Activities | <u>\$ 1,972,798</u> | <u>\$ (216,930)</u> | <u>\$ ----</u> | <u>\$ 1,755,868</u> |

Depreciation expense reported by the various functions is presented as follows:

Governmental Activities

| | |
|--|------------------|
| General Government | \$ 7,861 |
| Public Safety | 9,699 |
| Streets and Drainage | 50,810 |
| Culture and Recreation | 3,584 |
| Total Depreciation – Governmental Activities | <u>\$ 71,954</u> |

Business-Type Activities

| | |
|---|-------------------|
| Sewer System | \$ 126,408 |
| Water System | 90,522 |
| Total Depreciation – Business-Type Activities | <u>\$ 216,930</u> |

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2022:

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2022

| | <u>Payable to Vendors</u> | <u>Accrued Expenses</u> | <u>Total</u> |
|--|-------------------------------|-----------------------------|------------------|
| <u>Governmental Activities</u> | | | |
| General Fund | \$ 21,683 | \$ 67,552 | \$ 89,235 |
| Total Governmental | <u>21,683</u> | <u>67,552</u> | <u>89,235</u> |
| <u>Business-Type Activities</u> | | | |
| Utility System | <u>7,619</u> | <u>1,214</u> | <u>8,833</u> |
| Total Business-Type | <u>7,619</u> | <u>1,214</u> | <u>8,833</u> |
| Total Accounts Payable And Accrued Expenses | <u>\$ 29,302</u> | <u>\$ 68,766</u> | <u>\$ 98,068</u> |

NOTE 9 - RISK MANAGEMENT

The Town of Cheneyville is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 10 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2022 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

Payroll Taxes

Town has received notification from the Internal Revenue Service (IRS) of a civil penalty related to filing of 2015 W-2's, along with payroll reports filed during the year. The amount reported as of June 30, 2022 is \$54,045. The Town is working with the IRS to determine the proper actions necessary to resolve this matter.

Town of Cheneyville

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2022

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------|------------------|-------------------|---|
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Ad Valorem | \$ 12,000 | \$ 21,000 | \$ 20,908 | \$ (92) |
| Sales Tax | 250,000 | 220,000 | 248,708 | 28,708 |
| Franchise Taxes | 30,000 | 26,000 | 25,546 | (454) |
| Occupational Licenses | 2,500 | 10,500 | 25,389 | 14,889 |
| Charges for Services | 43,000 | 45,050 | 59,202 | 14,152 |
| Fines and Forfeitures | 34,000 | 120,000 | 75,538 | (44,462) |
| Intergovernmental | 38,300 | 117,100 | 125,497 | 8,397 |
| Other | 35,000 | - | 22,774 | 22,774 |
| Total revenues | 444,800 | 559,650 | \$ 603,562 | 43,912 |
| <u>Expenses:</u> | | | | |
| General government | 246,820 | 454,420 | 314,829 | 139,591 |
| Public Safety | 115,320 | 130,570 | 86,088 | 44,482 |
| Streets and Drainage | 149,000 | 206,000 | 183,690 | 22,310 |
| Recreation | - | - | 6,590 | (6,590) |
| Debt Service | - | - | - | - |
| Capital Outlay | - | 46,668 | 8,500 | 38,168 |
| Total Expenses | 511,140 | 837,658 | 599,697 | 237,961 |
| Excess (deficiency) of revenues over expenditures | (66,340) | (278,008) | 3,865 | 281,873 |
| <u>Other financing sources (uses):</u> | | | | |
| Operating transfers | 60,000 | 17,000 | 66,623 | 49,623 |
| Total other financing sources (uses) | 60,000 | 17,000 | 66,623 | 49,623 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | (6,340) | (261,008) | 70,488 | 331,496 |

TOWN OF CHENEYVILLE

Schedule of Compensation Paid to Board Members Year Ended June 30, 2022

| | | |
|--------------------|----|---------------|
| Derrick Johnson | \$ | 8,255 |
| Charles Collins | | 3,185 |
| Francis Mitchell | | 2,210 |
| Ruby Crawford | | 1,190 |
| Marilyn Jones | | 827 |
| Ronny Green Jr | | 2,210 |
| Rebecca Cook | | 2,210 |
| | | <hr/> |
| Total Compensation | \$ | <u>20,087</u> |

TOWN OF CHENEYVILLE

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2022

Agency Head (Mayor) -Derrick Johnson

Purpose:

| | | |
|-------------------|----|--------|
| Compensation | \$ | 8,255 |
| Payroll Taxes | | 675 |
| Expense Allowance | | 4,200 |
| Reimbursements | | 12,443 |

Town of Cheneyville

**Justice System Funding Schedule - Collecting / Disbursing Entity as Required by Act 87 of the
2020 Regular Legislative Session
For the Year Ended June 30, 2022**

| Cash Basis Presentation | First Six Month Period Ended December 31, 2021 | Second Six Month Period Ended June 30, 2022 |
|--|---|--|
| Beginning Balance of Amounts Collected | <u>\$ -</u> | <u>\$ -</u> |
| Add: Collections | | |
| Criminal Court Costs/Fees | 47,923 | 27,616 |
| Subtotal Collections | <u>47,923</u> | <u>27,616</u> |
| Less: Disbursements to Governments & Nonprofits | | |
| Criminal Court Cost / Fees | | |
| Louisiana Commission on Law Enforcement | - | - |
| CMIS Trial Court Case Management System | - | - |
| Crime Stoppers of Cenla, Inc. | - | - |
| Louisiana Department of Health and Hospitals | - | - |
| North Louisiana Crime Lab | - | - |
| Louisiana Judicial college | - | - |
| Less: Amounts Retained by Town | | |
| Self Disbursed Court Costs | 47,923 | 27,616 |
| Subtotal Disbursements / Retainage | <u>47,923</u> | <u>27,616</u> |
| Ending Balance of Amounts Collected but not Disbursed | <u>\$ -</u> | <u>\$ -</u> |
| Other Information: | | |
| Total Waivers During the Fiscal Period | - | - |

TOWN OF CHENEYVILLE

Schedule of Findings

June 30, 2022

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general-purpose financial statements for the Town of Cheneyville, Louisiana, as of June 30, 2022, and for the year then ended expressed an unmodified opinion.
- The audit disclosed three findings (2022-001, 2022-004, 2022-006) which are considered to be significant deficiencies in internal control over financial reporting.
- The audit disclosed six findings which are considered to be instances of noncompliance with applicable laws and regulations (2022-002, 2022-003, 2022-005, 2022-007, 2022-008, 2022-009).
- The Town was not required to have a Single Audit

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2022-001: Inadequate Controls Over Recordkeeping

- *Criteria:* To foster accountability over financial reporting, the Town's accounting system should contain several elements, including readily available documentation, prompt payments of obligations when funds allow, proper classification of transactions, and the production of timely, relevant financial reports to management.
- *Condition:* The previous town clerk's accounting practices contributed to a variety of problems, including documentation being unavailable, finance charges and late fees for non-payment of accounts payable, and management's inability to properly evaluate financial decisions because of a lack of timely, accurate information.
- *Effect:* This situation resulted in performance of alternative procedures locating accounting records. In addition, finance charges and late fees have been incurred, and the Town may have been noncompliant with the State's record retention laws.
- *Cause:* The Town terminated the previous clerk and has hired a clerk who is competent and conscientious about proper accounting practices and record retention.
- *Recommendation:* We recommend that the Town continue to implement monitoring activities, including the institution of monthly finance committee meetings, to ensure that financial reporting is properly performed.

Finding 2022-002: Payroll Tax Reporting

- *Criteria:* The Town should file and pay payroll taxes as required by federal and state laws.
- *Condition:* The Town did not properly file or pay all required payroll taxes to the Internal Revenue Service and Louisiana Department of Revenue.
- *Effect:* Substantial penalties can result from the Town not properly filing or paying required tax liabilities. In addition, the Town may be in violation of state and federal law.
- *Cause:* As discussed in the Finding 2022-001, the previous town clerk's accounting practices led to a lapse in the proper payment of liabilities and caused a failure to timely file required reports.
- *Recommendation:* We recommend the Town review any correspondence received from taxing authorities, pay any amounts owed, and file any unfiled reports.

Finding 2022-003: Accounting for Meter Deposits

- *Criteria:* The Town should maintain adequate records to reconcile the underlying meter deposit liability to the individual account balances.
- *Condition:* The Town did not maintain sufficient records to be able to reconcile the underlying meter deposit liability to the individual account balances.
- *Effect:* As this account is custodial in nature, the Town should be able to identify the individuals owed in order to properly apply the meter deposit to any outstanding amounts.
- *Cause:* The meter deposit balances have not been properly reconciled to the underlying accounting records.

TOWN OF CHENEYVILLE

Schedule of Findings

June 30, 2022

- *Recommendation:* We recommend that the clerks periodically review the list of meter deposits outstanding and reconcile the list to the Towns accounting records.

Finding 2022-004: Cash Management

- *Criteria:* To establish effective internal controls over cash, deposits should be made daily.
- *Condition:* The Town did not make all deposits in a timely manner.
- *Effect:* Nonroutine deposits can lead to improper accounting of revenues and inadequate reconciliations to subsidiary ledgers.
- *Cause:* As discussed in 2022-001, the previous clerk's system led to inadequate cash management. The Town has replaced the previous Clerk.
- *Recommendation:* We recommend that all deposits be made daily and reconciled to the subsidiary ledgers.

Finding 2022-005: Utility Revenues

- *Criteria:* The Town has established an ordinance requiring that utility rates be indexed annually by a specific index.
- *Condition:* The Town has not increased utility rates as required by the ordinance.
- *Effect:* The Town is not charging citizens utility according to its adopted rate structure.
- *Cause:* The previous Town Clerk was unaware of this requirement.
- *Recommendation:* We recommend the Town increase utility rates annually as required by the Ordinance.

Finding 2022-006: Uniform Cutoff Policy

- *Criteria:* The Louisiana Constitution forbids municipalities from giving away anything of value without adequate compensation.
- *Condition:* The Town is not enforcing a uniform cutoff policy for nonpayment of utilities.
- *Effect:* The Town may be in violation of Revised Statutes.
- *Cause:* The Town is not reviewing a monthly list of outstanding balances and requiring employees to terminate the customer's utility services for nonpayment.
- *Recommendation:* We recommend the Town enforce a uniform cutoff policy.

Finding 2022-007: Collections on Behalf of Other Entities

- *Criteria:* The Town is required to remit certain fines, fees, and court costs to various entities monthly based on ticket collections.
- *Condition:* The Town is not properly remitting these amounts.
- *Effect:* The Town may be in violation of Revised Statutes by not remitting these amounts.
- *Cause:* The previous Town Clerk was unaware of all amounts that should be remitted by statute.
- *Recommendation:* We recommend that the new Clerk should receive training to remit required fines, fees, and court costs to all required entities.

Finding 2022-008: Minutes of Public Meetings

- *Criteria:* Louisiana Revised Statutes require public bodies to keep written minutes of the proceedings of all open meetings.
- *Condition:* The Town was unable to provide copies of public meeting minutes for each of the open meetings held at Town Hall during the year.

TOWN OF CHENEYVILLE

Schedule of Findings

June 30, 2022

- Effect: The Town may be in violation of Revised Statutes by not retaining minutes for all open meetings.
- Cause: The Town's computer crashed during the year, which contained some of the required minutes. In addition, the Town has experienced turnover in the Clerk position, which has made compliance with some requirements difficult.
- Recommendation: We recommend that the Town retain minutes of all public meetings as required by Louisiana Revised Statutes.

Finding 2022-009 – Debt Covenants

- Criteria: The Town is subject to several debt covenants, in accordance with its Revenue Utility Bonds.
- Condition: The Town did not comply with its debt covenants by failing to transfer monies to a separate sinking fund account, and not making required debt service payments in a timely manner.
- Effect: The Town was not in compliance with its debt covenants at the end of the year.
- Cause: The Town experienced turnover in the Clerk position. During the turnover, the required transfer was not made in a timely fashion.
- Recommendation: We recommend that the Town establish a tickler system, to ensure that all required monthly transfers and payments are performed in the future.

TOWN OF CHENEYVILLE

Management's Corrective Action Plan June 30, 2022

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

Finding 2022-001: Inadequate Controls Over Recordkeeping

The previous town clerk's accounting practices contributed to a variety of problems, including documentation being unavailable, finance charges and late fees for non-payment of accounts payable, and management's inability to properly evaluate financial decisions because of a lack of timely, accurate information. This situation resulted in performance of alternative procedures locating accounting records. In addition, finance charges and late fees have been incurred, and the Town may have been noncompliant with the State's record retention laws.

Finding 2022-002: Payroll Tax Reporting

The Town did not file all of its required payroll tax reporting forms timely, and did not make all of its required payroll tax deposits by statutorily set deadlines, causing the Town to be in violation of state and federal law.

Finding 2022-003: Accounting for Meter Deposits

The Town did not maintain sufficient records to be able to reconcile the underlying meter deposit liability to the individual account balances. As this account is custodial in nature, the Town should be able to identify the individuals owed as a best practice. In addition, the Town did not send water meter deposits returned to the Town as undeliverable to the state treasury, as required by statute.

Finding 2022-004: Cash Management

To establish effective internal controls over cash, deposits must be made on a regular basis, preferably daily. The Town did not make all deposits in a timely manner.

Finding 2022-005: Utility Revenues

The Town's Ordinance setting Utility Rates, which was adopted in August of 2018, requires the Town to increase Utility Rates once a year by a specified index. The Town has not increased its utility rates since the adoption of the Ordinance, causing the Town to not be compliance.

Finding 2022-006: Uniform Cutoff Policy

During audit procedures, it was discovered that the Town is not enforcing a uniform cutoff policy. LA Revised Statutes forbid municipalities from giving away anything of value, including utilities.

Response:

We will continue to implement monitoring activities, including the institution of monthly finance committee meetings, to ensure that financial reporting is properly performed.

Response:

We will review any correspondence received from taxing authorities, pay all amounts owed, and file any unfiled reports.

Response:

Our Utility Clerk continues the process of reconciling the meter deposit liability with the underlying individual account balances. In addition, we will submit any required monies to the state treasurer once this process is complete.

Response:

We will ensure that in the future, all deposits are made timely, so as to foster a proper internal control environment.

Response:

We will raise rates to the required amount, and we have retained the services of our engineering firm to monitor the calculation and implementation of this yearly rate change in the future.

Response:

We will examine our procedures and work towards implementing a uniform cutoff policy.

TOWN OF CHENEYVILLE

Management's Corrective Action Plan June 30, 2022

| | |
|---|---|
| <p><u>Finding 2022-007: Collections on Behalf of Other Entities</u> During audit procedures, it was determined that the Town had not remitted all fees, fines, and court costs collected on behalf of other entities to the required entities.</p> <p><u>Finding 2022-008: Minutes of Public Meetings</u> The Town was unable to provide copies of public meeting minutes for each of the open meetings held at Town Hall during the year. The Town may be in violation of Revised Statutes by not retaining minutes for all open meetings.</p> <p><u>Finding 2022-009: Debt Covenants</u> The Town did not comply with its debt covenants by failing to distribute to a separate sinking fund account and not making payments in a timely manner.</p> | <p><u>Response:</u> We will ensure that in the future, all amounts collected on behalf of other entities are submitted as required.</p> <p><u>Response:</u> We will retain minutes of all public meetings in accordance with Louisiana Revised Statutes.</p> <p><u>Response:</u> We will establish a tickler system, to ensure that all required monthly transfers and payments are performed in the future.</p> |
| <p>SECTION II MANAGEMENT LETTER</p> | |
| <p><u>FINDINGS</u> No Findings of this Nature</p> | <p><u>RESPONSE</u> No Response Necessary</p> |

TOWN OF CHENEYVILLE

Summary of Prior Year Findings June 30, 2022

| SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
|--|---|
| <u>Finding 2021-001: Inadequate Controls Over Recordkeeping</u> The Town was unable to provide requested supporting documentation for some transactions recorded in the general ledger, and some documentation was unable to be located by staff. | <u>Status: Unresolved (See Finding 2022-001)</u> |
| <u>Finding 2021-002: Payroll Tax Reporting</u> The Town did not file all of its required payroll tax reporting forms timely, and did not make all of its required payroll tax deposits by statutorily set deadlines, causing the Town to be in violation of state and federal law. | <u>Status: Unresolved (See Finding 2022-002)</u> |
| <u>Finding 2021-003: Accounting for Meter Deposits</u> The Town did not maintain sufficient records to be able to reconcile the underlying meter deposit liability to the individual account balances. As this account is custodial in nature, the Town should be able to identify the individuals owed as a best practice. In addition, the Town did not send water meter deposits returned to the Town as undeliverable to the state treasury, as required by statute. | <u>Status: Unresolved (See Finding 2022-003)</u> |
| <u>Finding 2021-004: Quarterly Audit of Traffic Tickets</u> The Town Clerk did not perform a quarterly audit of traffic tickets, as is statutorily required by R.S. 32:398.3 | <u>Status: Resolved</u> |
| <u>Finding 2021-005: Controls over Tickets</u> During Audit Procedures, it was discovered that the Town did not write tickets in sequential order, and did not have physical possession of a series of voided tickets. To establish an effective control environment, tickets must be written in sequential order, and the supply of ticket books should be safeguarded and limited to authorized personnel. | <u>Status: Resolved</u> |
| <u>Finding 2021-006: Cash Management</u> To establish effective internal controls over cash, deposits must be made on a regular basis, preferably daily. The Town did not make all deposits in a timely manner. | <u>Status: Unresolved (See Finding 2022-004)</u> |
| <u>Finding 2021-007: Utility Revenues</u> The Town's Ordinance setting Utility Rates, which was adopted in August of 2018, requires the Town to increase Utility Rates once a year by a specified index. The Town | <u>Status: Unresolved (See Finding 2022-005)</u> |

TOWN OF CHENEYVILLE

Summary of Prior Year Findings June 30, 2022

| | |
|---|---|
| <p>has not increased its utility rates since the adoption of the Ordinance, causing the Town to not be compliance.</p> <p><u>Finding 2021-008: Uniform Cutoff Policy</u> During audit procedures, it was discovered that the Town is not enforcing a uniform cutoff policy. LA Revised Statutes forbid municipalities from giving away anything of value, including utilities.</p> <p><u>Finding 2021-009: Collections on Behalf of Other Entities</u> During audit procedures, it was determined that the Town had not remitted all fees, fines, and court costs collected on behalf of other entities to the required entities.</p> | <p><u>Status: Unresolved (See Finding 2022-006)</u></p> <p><u>Status: Unresolved (See Finding 2022-007)</u></p> |
| <p>SECTION II MANAGEMENT LETTER</p> | |
| <p><u>FINDINGS</u> No Findings of this Nature</p> | <p><u>RESPONSE</u> No Response Necessary</p> |

APPENDIX A
Statewide Agreed-Upon Procedures



Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Cheneyville and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Cheneyville (the Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period described above. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
December 30, 2022



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Post Office Box 12178
Alexandria, Louisiana 71315

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Online: CenlaCPAs.com

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Written Policies and Procedures | | |
|--|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt Service • Disaster Recovery / Business Continuity • Sexual Harassment | <p>The Town does not have any written policies and procedures on the following categories:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt Service • Disaster Recovery / Business Continuity • Sexual Harassment | <p><i>Due to the small size of our operation and limited staff, job duties are clearly understood despite the absence of written policies and procedures. We will consider whether adopting formal written policies and procedures would be beneficial.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Board (or Finance Committee) | | |
|---|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p> | <p>Meetings were held with the necessary frequency.</p> <p>The necessary budget to actual comparisons were not included every month.</p> | <p><i>No findings or criticisms were reported.</i></p> <p><i>The Town Clerk will start providing Budget to Actual comparison during the current year.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Board (or Finance Committee) | | |
|--|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund. | For the previous year the general fund reported a positive unrestricted fund balance. | <i>No findings or criticisms were reported.</i> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Bank Reconciliations | | |
|---|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p> | <p>There is no evidence of the bank reconciliations being prepared within 2 months of the related statement closing date.</p> <p>Evidence of review by an appropriate party was not present.</p> <p>There was no documentation reflecting that management has research reconciling items that have been outstanding for more than 12 months from the statement closing date.</p> | <p><i>In the future, we will prepare the bank reconciliations within 2 month of the related statement closing date.</i></p> <p><i>In the future, we will have someone, other than the staff member that prepares bank reconciliations, review the bank reconciliations.</i></p> <p><i>In the future, we will review reconciling items that have been outstanding for more than 12 months.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Collections (excluding EFTs) | | |
|--|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>4 Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p> <p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p> | <p>The list was provided and deposits were selected.</p> <p>The facility includes a single cash drawer.</p> | <p><i>No findings or criticisms were reported.</i></p> <p><i>Due to the size of our workforce and limitations imposed by our facilities, occasional sharing is necessary.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Collections (excluding EFTs) | | |
|--|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. | Duties are appropriately segregated. | <i>No findings or criticisms were reported.</i> |
| c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. | Duties are appropriately segregated. | <i>No findings or criticisms were reported.</i> |
| d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. | Duties are appropriately segregated. | <i>No findings or criticisms were reported.</i> |
| 6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. | Documentation on whether appropriate coverage was maintained was not provided. | <i>We will ensure that appropriate coverage is maintained and documentation is available.</i> |
| 7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as | | |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Collections (excluding EFTs) | | |
|--|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p> | <p>Receipts were not sequentially pre-numbered.</p> <p>There was no supporting documentation for 1 of the deposits.</p> <p>Deposit slips are traceable to the actual deposit per bank statement.</p> <p>Deposits were remitted within a single business day.</p> <p>Deposits appearing on the bank statement agree with the general ledger.</p> | <p><i>We will consider pre-numbering our receipts for cash collections.</i></p> <p><i>In the future, we will make sure supporting documentation is available for all deposits.</i></p> <p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) | | |
|---|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p> <p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p> <p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p> <p>b) At least two employees are involved in processing and approving payments to vendors.</p> <p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p> | <p>All transactions are processed at the Town's Municipal Complex.</p> <p>Multiple employees are involved.</p> <p>Multiple employees are involved.</p> <p>The Clerk is responsible for processing payments as well as adding/modifying vendor files.</p> | <p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p> <p><i>Due to the nature of the accounting system, it is not practical to limit access to particular components. This limitation is mitigated by requiring each check to be signed by two parties.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Credit Cards/Debit Cards/Fuel Cards/P-Cards | | |
|---|------------------------------------|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| 13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). | N/A – the Town only has Fuel Cards | <i>No findings or criticisms were reported.</i> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Travel and Expense Reimbursement | | |
|---|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> | <p>N/A – Per Diem rates were not used.</p> <p>Actual cost was supported by appropriate documentation for only 2 of the 5 reimbursements tested.</p> <p>Business purposes were adequately documented.</p> | <p><i>No findings or criticisms were reported.</i></p> <p><i>In the future, we will provide supporting documentation for travel and expense reimbursements.</i></p> <p><i>No findings or criticisms were reported.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Travel and Expense Reimbursement | | |
|---|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. | There was no evidence of approval by someone other than the recipient was properly documented. | <i>In the future, we will ensure that someone, other than the recipient, reviews and approves of the reimbursements.</i> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Contracts | | |
|--|--|------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> | <p>Based on Management's representations, there were no contracts renewed or initiated in the fiscal year.</p> | N/A |
| <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> | See Above | N/A |
| <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> | See Above | N/A |
| <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> | See Above | N/A |
| <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p> | See Above | N/A |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Payroll and Personnel | | |
|---|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p> <p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p> <p>d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.</p> | <p>The list was provided and a selection has been performed.</p> <p>No attendance was properly documented.</p> <p>No approval was documented.</p> <p>No evidence of Leave taken was properly reported in the accounting records.</p> <p>Rates of pay were not consistent with documentation in the personnel files.</p> | <p><i>No findings or criticisms were reported.</i></p> <p><i>In the future, we will make sure attendance and leave is properly documented.</i></p> <p><i>In the future, we will make sure approval of attendance and leave is documented.</i></p> <p><i>In the future, we will make sure leave taken is properly reported in the accounting records.</i></p> <p><i>In the future, we will make sure rates of pay are consistent with documentation in the personnel files.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Payroll and Personnel | | |
|--|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| 18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. | There was no documentation to determine if termination payments were consistent with leave records. | <i>In the future, we will ensure that the necessary documentation is provided.</i> |
| 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines. | Management has asserted that all relevant payments have been made. | <i>No findings or criticisms were reported.</i> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Ethics | | |
|--|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p> | <p>Evidence of ethic training was not present for each employee selected.</p> <p>Signature verification was not available.</p> | <p><i>In the future, we will have all employees complete the necessary training.</i></p> <p><i>We believe that all employees are familiar with ethic polices but we will review files to ensure that signature verification is provided by every member of the staff.</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Debt Service | | |
|---|--|------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| 21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued. | Not Applicable: No new debt was issued. | <i>Not Applicable</i> |
| 22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants. | Not Applicable: Applicable covenants do not include reserve requirements. | <i>Not Applicable</i> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Fraud Notice | | |
|--|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| 23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled. | No misappropriations were reported. | <i>No findings or criticisms were reported.</i> |
| 24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. | The necessary postings were not present physically. | <i>In the future, we will post the notice required by R.S. 24:523.1 on our premises.</i> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Information Technology Disaster Recovery /Business Continuity | | |
|---|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>25 Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."</p> <p>a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.</p> <p>b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.</p> <p>c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.</p> | <p>We performed the procedure and discussed the results with management.</p> <p>We performed the procedure and discussed the results with management.</p> <p>We performed the procedure and discussed the results with management.</p> | <p><i>N/A</i></p> <p><i>N/A</i></p> <p><i>N/A</i></p> |

Town of Cheneyville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Sexual Harassment | | |
|--|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>26 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.</p> | <p>No evidence of employees completing sexual harassment training was available.</p> | <p><i>In the future, we will have all employees complete the necessary training.</i></p> |
| <p>27 Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).</p> | <p>No evidence of postings of sexual harassment policies was available.</p> | <p><i>We will consider posting the necessary policies.</i></p> |
| <p>28 Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:</p> <ul style="list-style-type: none"> a. Number and percentage of public servants in the agency who have completed the training requirements; b. Number of sexual harassment complaints received by the agency; c. Number of complaints which resulted in a finding that sexual harassment occurred; d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and e. Amount of time it took to resolve each complaint. | <p>A report was not produced with the required content.</p> | <p><i>In the future, we will consider producing the necessary report.</i></p> |