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LEGISLATIVE AUDITOR

ANNUAL FINANCIAL REPORT
OF THE
VILLAGE OF CANKTON, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 1998

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

Release Date FEB 03 1999

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 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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 (1904-1984)

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INDEPENDENT AUDITOR'S REPORT

The Honorable Donald Menard, Mayor
 and Members of the Board of Aldermen
 Village of Cankton, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Cankton, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Cankton, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 20, 1998 on our consideration of the Village of Cankton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Honorable Donald Menard, Mayor
and Members of the Board of Aldermen
Village of Cankton, Louisiana

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Village of Cankton, Louisiana, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Cankton, Louisiana. Such information, except for the Schedule of Insurance in Force marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

John Dowling & Co

Opelousas, Louisiana

October 20, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF CANKTON, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998

ASSETS	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES		ACCOUNT GROUP		TOTALS		
	GENERAL	SPECIAL REVENUE	ENTERPRISE		GENERAL	FIXED ASSETS	(Memorandum Only)		
							1998	1997	
Cash	\$8,575	\$22,978	\$17,142				\$48,695	\$80,066	
Investments		70,000	60,000				130,000	70,000	
Receivables			12,343				12,343	10,683	
Accounts	1,934						1,934	1,873	
Intergovernmental	14,783						14,783	5,326	
Rural Development Block Grant Rec.		1,051	4,275				5,326	2,262	
Due from other funds			2,386				2,386		
Prepaid expenses									
Restricted assets									
Cash			51,770				51,770	48,188	
Property, plant, and equipment, net of accumulated depreciation			267,312		\$272,649		539,961	528,207	
			<u>25,292</u>	<u>94,029</u>	<u>272,649</u>		<u>807,198</u>	<u>746,605</u>	
Total assets									
LIABILITIES AND FUND EQUITY									
LIABILITIES									
Accounts payable	\$15,514		\$6,517				\$22,854	\$3,469	
Payroll taxes payable	301		963				1,264	583	
Sales taxes payable			237				237	299	
Current portion of note payable - Farmers State Bank			3,063				3,063	3,871	
Payable from restricted assets									
Accrued interest			596				596	616	
Revenue bonds payable			3,000				3,000	3,000	
Customers' deposits			9,215				9,215	7,130	
Due to other funds							5,326	5,326	
Long-term debts									
Revenue bonds payable			84,000				84,000	87,000	
Note payable - Farmers State Bank			<u>107,591</u>		<u>-0-</u>		<u>129,555</u>	<u>3,030</u>	
Total liabilities									
FUND EQUITY									
Contributed capital			287,438				287,438	287,438	
Investment in general fixed assets					\$272,649		272,649	252,692	
Retained earnings									
Reserved			38,960				38,960	37,443	
Unreserved			(18,761)				(18,761)	(40,773)	
Fund balance									
Unreserved									
Undesignated							97,357	95,481	
Total fund equity			<u>307,637</u>		<u>272,649</u>		<u>677,643</u>	<u>632,281</u>	
Total liabilities and fund equity			<u>25,292</u>	<u>94,029</u>	<u>272,649</u>		<u>807,198</u>	<u>746,605</u>	

The accompanying notes are an integral part of these statements.

VILLAGE OF CANKTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
<u>REVENUES</u>				
Taxes	\$11,903	\$8,441	\$20,344	\$23,015
Licenses and permits	5,771		5,771	6,945
Intergovernmental	16,630		16,630	1,886
Fines	3,015		3,015	5,858
Charges for services	790		790	1,875
Miscellaneous revenues	<u>2,302</u>	<u>3,640</u>	<u>5,942</u>	<u>6,515</u>
<u>Total revenues</u>	<u>40,411</u>	<u>12,081</u>	<u>52,492</u>	<u>46,094</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and				
administrative	23,926	4,067	27,993	27,873
Public safety				
Police Department	16,223		16,223	12,420
Fire Department	943		943	1,527
Capital outlay	<u>14,542</u>	<u>5,415</u>	<u>19,957</u>	<u>26,272</u>
<u>Total expenditures</u>	<u>55,634</u>	<u>9,482</u>	<u>65,116</u>	<u>68,092</u>
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	<u>14,500</u>	_____	<u>14,500</u>	<u>13,500</u>
<u>Total other financing sources</u>	<u>14,500</u>	<u>-0-</u>	<u>14,500</u>	<u>13,500</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>				
	(723)	2,599	1,876	(8,498)
<u>FUND BALANCE</u> , beginning of year	<u>4,874</u>	<u>90,607</u>	<u>95,481</u>	<u>103,979</u>
<u>FUND BALANCE</u> , end of year	<u>4,151</u>	<u>93,206</u>	<u>97,357</u>	<u>95,481</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF CANKTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 1998

	GENERAL FUND		SPECIAL REVENUE FUNDS		TOTALS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	1998	1997
REVENUES						
Taxes	\$13,830	\$11,903	\$8,700	\$8,441	\$20,344	\$23,015
Licenses and permits	5,800	5,771			5,771	6,945
Intergovernmental	2,100	16,630			16,630	1,886
Fines	3,200	3,015			3,015	5,858
Charges for services	1,100	790			790	1,875
Miscellaneous revenues	6,710	2,302	3,000	3,640	5,242	6,515
<u>Total revenues</u>	<u>32,740</u>	<u>40,411</u>	<u>11,700</u>	<u>12,081</u>	<u>52,492</u>	<u>46,094</u>
EXPENDITURES						
Current operating	29,800	23,926	3,890	4,067	27,993	27,873
Executive and administrative						
Public Safety						
Police Department	11,850	16,223			16,223	12,420
Fire Department		943			943	1,527
Capital outlay		14,542	2,850	5,415	19,957	26,272
<u>Total expenditures</u>	<u>41,650</u>	<u>55,634</u>	<u>6,740</u>	<u>9,482</u>	<u>65,116</u>	<u>68,092</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	13,500	14,500			14,500	13,500
Total other financing sources	13,500	14,500	-0-	-0-	14,500	13,500
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>4,590</u>	<u>(723)</u>	<u>4,960</u>	<u>2,599</u>	<u>1,876</u>	<u>(8,498)</u>
FUND BALANCE, beginning of year		<u>4,874</u>		<u>90,607</u>	<u>95,481</u>	<u>103,979</u>
FUND BALANCE, end of year		<u>4,151</u>		<u>93,206</u>	<u>97,357</u>	<u>95,481</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF CANKTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 1998

	<u>ENTERPRISE</u>	
	<u>1998</u>	<u>(Memorandum Only)</u> <u>1997</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ <u>136,938</u>	\$ <u>92,928</u>
<u>Total operating revenues</u>	<u>136,938</u>	<u>92,928</u>
<u>OPERATING EXPENSES</u>		
Personal services	43,736	19,508
Contractual services	6,600	6,624
Supplies	7,969	5,556
Other expenses	24,357	16,823
Depreciation	<u>13,241</u>	<u>13,767</u>
<u>Total operating expenses</u>	<u>95,903</u>	<u>62,278</u>
<u>OPERATING INCOME</u>	<u>41,035</u>	<u>30,650</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest income	1,807	1,820
Interest expense	<u>(4,813)</u>	<u>(5,107)</u>
<u>Total nonoperating</u> <u>(expenses)</u>	<u>(3,006)</u>	<u>(3,287)</u>
<u>INCOME BEFORE OPERATING TRANSFERS</u>	<u>38,029</u>	<u>27,363</u>
<u>OPERATING TRANSFERS IN (OUT)</u>		
Operating transfers out	<u>(14,500)</u>	<u>(13,500)</u>
<u>Total operating transfers (out)</u>	<u>(14,500)</u>	<u>(13,500)</u>
<u>NET INCOME</u>	23,529	13,863
<u>RETAINED EARNINGS (DEFICIT), beginning of</u> <u>year</u>	<u>(3,330)</u>	<u>(17,193)</u>
<u>RETAINED EARNINGS (DEFICIT), end of year</u>	<u>20,199</u>	<u>(3,330)</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF CANKTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 1998

	<u>1998</u>	<u>ENTERPRISE</u> <u>(Memorandum Only)</u> <u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$137,301	\$97,033
Cash payments to suppliers for goods and services	(34,138)	(29,090)
Cash payments to employees for services	(43,194)	(19,453)
<u>Net cash provided by operating activities</u>	<u>59,969</u>	<u>48,490</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>		
<u>FINANCING ACTIVITIES</u>		
Acquisition and construction of capital assets	(5,038)	(6,962)
Principal paid on revenue bonds and loan	(6,838)	(5,652)
Interest paid on revenue bonds and loan	(4,833)	(5,121)
<u>Net cash (used) for capital</u> <u>and related financing activities</u>	<u>(16,709)</u>	<u>(17,735)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating transfers out	(14,500)	(13,500)
<u>Net cash (used) for noncapital</u> <u>financing activities</u>	<u>(14,500)</u>	<u>(13,500)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest earned	1,807	1,820
Investments - Certificate of deposit	(60,000)	_____
<u>Net cash provided (used) by investing</u> <u>activities</u>	<u>(58,193)</u>	<u>1,820</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>(29,433)</u>	<u>19,075</u>
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>98,345</u>	<u>79,270</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>68,912</u>	<u>98,345</u>
<u>RECONCILIATION OF OPERATING INCOME TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income	\$41,035	\$30,650
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	13,241	13,767
(Increase) decrease in accounts receivable	(1,660)	1,402
(Increase) decrease in prepaid expenses	(124)	155
(Increase) decrease in other receivables		1,815
(Increase) decrease in due to other funds		(196)
Increase (decrease) in accounts payable	4,912	(242)
Increase (decrease) in payroll taxes payable	542	55
Increase (decrease) in sales taxes payable	(62)	(1)
Net increase in customers' deposits	2,085	1,085
<u>Total adjustments</u>	<u>18,934</u>	<u>17,840</u>
<u>Net cash provided by operating activities</u>	<u>59,969</u>	<u>48,490</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and reporting practices of the Village of Cankton conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies and practices of the Village of Cankton.

Reporting Entity. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village 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 criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
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.

The Village of Cankton is a primary government and the accompanying general purpose financial statements present information only on the funds maintained by the Village and do not present information on any other governmental unit.

Fund Accounting. The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements of this report, into three generic fund types and two broad fund categories as follows:

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Fund

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

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increase (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is for principal and interest on general long-term debt which is recognized when due. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

The proprietary fund type is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. Unbilled and billed utilities receivable are recorded at fiscal year-end. Revenues earned and expenses incurred are recognized in a government's proprietary funds in essentially the same manner as in commercial accounting. However, where the GASB has issued pronouncements applicable to entities and activities recognized in a government's proprietary funds, those entities and activities should be guided by the GASB pronouncements. Only minor adaptations are involved in applying the revenue realization and expense recognition principles in the governmental environment.

Cash and Investments. Louisiana statutes authorize the Village to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

Bank deposits must be secured by federal depository insurance or the pledge of securities owned by the bank. The market value of the pledged securities must at all times equal or exceed 100 percent of the uninsured amount on deposit with the bank.

At year-end, the carrying amount of the Village's deposits was \$230,465. The bank balance of cash was \$99,829 and of investments was \$130,000. Investments are stated at cost or amortized cost, which approximates market. These investments consist of certificates of deposit and savings accounts. Of the bank balance, approximately \$130,875 is covered by federal deposit insurance, and approximately \$98,954 is covered by securities held by the bank in the Village's name.

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

Fixed Assets. All items of property, plant, and equipment (including infrastructure general fixed assets) which do not constitute assets of the Enterprise Fund are recorded in the General Fixed Assets Account Group. Such assets are maintained on the basis of original cost (cash paid plus trade-in allowance, if applicable) and no depreciation is computed or recorded thereon. Contributed property is recorded at fair market value or estimated fair market value.

Property, plant, and equipment which constitute assets of the Enterprise Fund are recorded at cost and depreciation is computed thereon under the straight-line or MACRS method of depreciation based on estimated useful lives of the individual assets.

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest costs during construction, where applicable, are capitalized.

Bad Debts. Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the direct write-off method when the account is deemed uncollectible.

Budgets and Budgetary Accounting. The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. At least 30 days prior to the beginning of the fiscal year the Mayor submits to the Village Council an operating and capital budget for the succeeding year.
2. A public meeting is scheduled by the Village Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Village Council.
3. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
4. The Mayor and Village Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
5. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgeted accounts shown in these financial statements as of June 30, 1998, were amended during a public meeting held on June 9, 1998.

Encumbrances. The Village does not employ the encumbrance system of accounting.

Inventory. The Village practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Village does not record any of these items as inventory because the amount of the items in stock is insignificant.

Compensated Absences. Employees of the Village earn 5 working days of vacation and 5 working days of sick leave per year. Unused vacation and sick leave can be carried forward to the next fiscal year. Upon termination, unused vacation is paid to employees at the employee's current rate of pay. Unused sick leave is forfeited upon termination. At June 30, 1998, the amount of unused vacation is not material and has not been accrued.

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data. Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

Total Columns. Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE (2) INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		\$5,326
Special Revenue Fund		
Sales Tax Fund	\$1,051	
Enterprise Fund	<u>4,275</u>	—
	<u>5,326</u>	<u>5,326</u>

NOTE (3) RETIREMENT

The employees of the Village contribute to the social security system.

NOTE (4) RESERVES OF FUND EQUITY

The Village records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves used by the Village.

	Balance at June 30, <u>1998</u>
Enterprise Fund	
Reserved for bond retirement	\$25,070
Reserved for bond contingency	13,831
Reserved for customers' deposits	<u>59</u>
	<u>38,960</u>

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (5) DEDICATION OF SALES TAX PROCEEDS

Proceeds of the one percent (1%) sales and use tax being levied by the Village of Cankton, after payment of all necessary expenses of collection and administration, have been dedicated to constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks, sewers and sewerage disposal works, public buildings, police department and equipment, public parks, recreational facilities, waterworks, disposal of garbage, street lighting, purchasing of immovable property and purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities.

NOTE (6) PROPERTY, PLANT, AND EQUIPMENT - ENTERPRISE FUND

A summary of property, plant, and equipment of the Enterprise Fund at June 30, 1998 is as follows:

<u>Description</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year *</u>
Computer equipment	5	\$2,596	\$2,596		
Water utility system	40	454,873	187,561	\$267,312	\$13,241
Vehicle	3	<u>6,705</u>	<u>6,705</u>	<u> </u>	<u> </u>
		<u>464,174</u>	<u>196,862</u>	<u>267,312</u>	<u>13,241</u>
<u>Changes During the Year</u>		<u>Cost</u>	<u>Accumulated Depreciation</u>		
<u>BALANCE</u> , beginning of year		\$460,620	\$185,105		
Additions:					
Water utility system		5,038			
Deletion:					
Automatic dialer		(1,484)	(1,484)		
Depreciation		<u> </u>	<u>13,241</u>		
<u>BALANCE</u> , end of year		<u>464,174</u>	<u>196,862</u>		

* All assets are depreciated under the straight-line or MACRS method.

NOTE (7) CONTRIBUTED CAPITAL

Contributed capital on June 30, 1998 consists of:

Contributions from federal grants	\$186,274
Contributions from state grants	60,000
Contributions from municipality	<u>41,164</u>
	<u>287,438</u>

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (8) PROPRIETARY FUND TYPE - FLOW OF FUNDS - RESTRICTION ON USE

Under the terms of the bond indenture on outstanding water utility bonds dated May 12, 1978, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the utility system are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Out of the revenue there shall be set aside from time to time into an "Operation and Maintenance Fund" amounts sufficient to provide for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/12 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to five percent (5%) of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to \$7,500. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Fund and as to which there would otherwise be default.

Funds will also be set aside into a contingency fund at the rate of \$336 each year. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

NOTE (9) ENTERPRISE FUND - RESTRICTED ASSETS

Certain assets of the Enterprise Fund have been restricted for debt service and customers' deposits. These assets consist of cash and short-term investments as follows:

Waterworks system sinking fund	\$17,173
Depreciation and contingency fund	13,830
Revenue bond fund	11,493
Customers' deposits	<u>9,274</u>
<u>Total restricted assets</u>	<u>51,770</u>

VILLAGE OF CANKTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE (10) PROPRIETARY FUND CHANGES IN LONG-TERM DEBT

The following is a summary of changes in Proprietary Fund long-term debts for the year ended June 30, 1998:

<u>Description</u>	<u>Balance at July 1, 1997</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance (Short and Long-term Portion) at June 30, 1998</u>
\$115,000 of Water Revenue				
Bonds dated May 12, 1978	\$90,000		\$3,000	\$87,000
Note payable - Farmers State Bank	<u>6,901</u>	—	<u>3,838</u>	<u>3,063</u>
	<u>96,901</u>	<u>-0-</u>	<u>6,838</u>	<u>90,063</u>

On February 28, 1994, with the approval from the State Board Commission, the Village signed a \$18,030, 5-year commercial loan with Farmers State Bank. The loan bears interest at 5.85 percent and payments are due on the first day of each month, commencing April 5, 1994.

Maturity of long-term debts are scheduled as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2000	\$3,000	\$4,200	\$7,200
2001	3,000	4,050	7,050
2002	3,000	3,900	6,900
2003	3,000	3,750	6,750
2004	3,000	3,600	6,600
2005-2009	20,000	15,250	35,250
2010-2014	25,000	9,750	34,750
2015-2018	<u>24,000</u>	<u>3,000</u>	<u>27,000</u>
	<u>84,000</u>	<u>47,500</u>	<u>131,500</u>

NOTE (11) CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets for the year ended June 30, 1998:

	<u>Balance, July 1, 1997</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 1998</u>
Land	\$2,500			\$2,500
Buildings	185,310	\$3,300		188,610
Equipment	22,853	16,405		39,258
Other structures and improvements	<u>42,029</u>	<u>251</u>	—	<u>42,280</u>
	<u>252,692</u>	<u>19,956</u>	<u>-0-</u>	<u>272,648</u>

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

VILLAGE OF CANKTON, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 1998 AND 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
<u>CURRENT ASSETS</u>		
Cash	\$8,575	\$10,353
Intergovernmental receivable	1,934	1,873
Rural Development Block Grant Rec.	<u>14,783</u>	<u> </u>
<u>Total current assets</u>	<u>25,292</u>	<u>12,226</u>
<u>Total assets</u>	<u>25,292</u>	<u>12,226</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable	\$15,514	\$1,864
Payroll taxes payable	301	162
Due to other funds	<u>5,326</u>	<u>5,326</u>
<u>Total liabilities</u>	<u>21,141</u>	<u>7,352</u>
<u>FUND BALANCE</u>		
Unreserved	<u>4,151</u>	<u>4,874</u>
<u>Total fund balance</u>	<u>4,151</u>	<u>4,874</u>
<u>Total liabilities and fund balance</u>	<u>25,292</u>	<u>12,226</u>

VILLAGE OF CANKTON, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		<u>VARIANCE</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>	<u>1997</u>
			<u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes	\$13,830	\$11,903	\$(1,927)	\$13,736
Licenses and permits	5,800	5,771	(29)	6,945
Intergovernmental	2,100	16,630	14,530	1,886
Fines	3,200	3,015	(185)	5,858
Charges for services	1,100	790	(310)	1,875
Miscellaneous	<u>6,710</u>	<u>2,302</u>	<u>(4,408)</u>	<u>2,971</u>
Total revenues	<u>32,740</u>	<u>40,411</u>	<u>7,671</u>	<u>33,271</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	29,800	23,926	5,874	24,855
Public Safety				
Police Department	11,850	16,223	(4,373)	12,420
Fire Department		943	(943)	1,527
Capital outlay		<u>14,542</u>	<u>(14,542)</u>	<u>19,722</u>
Total expenditures	<u>41,650</u>	<u>55,634</u>	<u>(13,984)</u>	<u>58,524</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>(8,910)</u>	<u>(15,223)</u>	<u>(6,313)</u>	<u>(25,253)</u>
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	<u>13,500</u>	<u>14,500</u>	<u>1,000</u>	<u>13,500</u>
Total other financing sources	<u>13,500</u>	<u>14,500</u>	<u>1,000</u>	<u>13,500</u>
<u>EXCESS OF REVENUES AND OTHER</u>				
<u>SOURCES OVER (UNDER)</u>				
<u>EXPENDITURES AND OTHER USES</u>	<u>4,590</u>	(723)	<u>(5,313)</u>	(11,753)
<u>FUND BALANCE, beginning of year</u>		<u>4,874</u>		<u>16,627</u>
<u>FUND BALANCE, end of year</u>		<u>4,151</u>		<u>4,874</u>

VILLAGE OF CANKTON, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>TAXES</u>				
Franchise - telephone	\$1,600	\$1,402	\$(198)	\$1,600
Franchise - gas	1,100	870	(230)	1,103
Franchise - electric	9,630	9,631	1	8,722
Franchise - cable television	<u>1,500</u>	<u> </u>	<u>(1,500)</u>	<u>2,311</u>
<u>Total taxes</u>	<u>13,830</u>	<u>11,903</u>	<u>(1,927)</u>	<u>13,736</u>
<u>LICENSES AND PERMITS</u>				
Occupational licenses	<u>5,800</u>	<u>5,771</u>	<u>(29)</u>	<u>6,945</u>
<u>INTERGOVERNMENTAL</u>				
Rural Development Block Grant		14,783	14,783	
State beer tax	300	101	(199)	140
State tobacco tax	<u>1,800</u>	<u>1,746</u>	<u>(54)</u>	<u>1,746</u>
<u>Total</u> <u>intergovernmental</u>	<u>2,100</u>	<u>16,630</u>	<u>14,530</u>	<u>1,886</u>
<u>FINES</u>				
Court fines	<u>3,200</u>	<u>3,015</u>	<u>(185)</u>	<u>5,858</u>
<u>CHARGES FOR SERVICES</u>				
Rental of hall	<u>1,100</u>	<u>790</u>	<u>(310)</u>	<u>1,875</u>
<u>MISCELLANEOUS</u>				
Interest income		167	167	385
Insurance rebate	1,200	1,273	73	1,273
Food stamps reimbursement		114	114	435
Contributed property		450	450	
Miscellaneous	<u>5,510</u>	<u>298</u>	<u>(5,212)</u>	<u>878</u>
<u>Total miscellaneous</u>	<u>6,710</u>	<u>2,302</u>	<u>(4,408)</u>	<u>2,971</u>
<u>Total revenues</u>	<u>32,740</u>	<u>40,411</u>	<u>7,671</u>	<u>33,271</u>

VILLAGE OF CANKTON, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>EXECUTIVE AND ADMINISTRATIVE</u>				
Notices and publications	\$100	\$295	\$(195)	\$117
Conventions and travel	3,000	3,333	(333)	1,530
Dues	400	387	13	427
Insurance	2,300	3,147	(847)	3,664
Accounting and legal	1,500	1,166	334	1,500
Office supplies	400	471	(71)	400
Payroll taxes	860	637	223	438
Repairs and maintenance	250	312	(62)	681
Miscellaneous	4,135	1,509	2,626	1,175
Postage	725		725	430
Salaries	5,500	3,841	1,659	5,585
Hall supplies	200	130	70	234
Telephone	2,600	1,020	1,580	830
Utilities	7,420	7,056	364	7,548
Election expense				78
Software support	60	285	(225)	
Park expense	350	337	13	218
<u>Total executive and administrative</u>	<u>29,800</u>	<u>23,926</u>	<u>5,874</u>	<u>24,855</u>
<u>POLICE DEPARTMENT</u>				
Gas and oil	1,800	2,167	(367)	1,823
Repairs	1,500	1,388	112	2,809
Salaries	4,500	5,035	(535)	3,860
Insurance	2,300	3,152	(852)	2,420
Payroll taxes	350	387	(37)	297
Uniforms	300	381	(81)	191
Miscellaneous		77	(77)	229
Supplies	1,100	1,214	(114)	310
Court costs		515	(515)	367
Telephone		1,907	(1,907)	114
<u>Total police department</u>	<u>11,850</u>	<u>16,223</u>	<u>(4,373)</u>	<u>12,420</u>
<u>FIRE DEPARTMENT</u>				
Supplies		943	(943)	1,527
Insurance		943	(943)	1,527
<u>Total fire department</u>	<u>-0-</u>	<u>943</u>	<u>(943)</u>	<u>1,527</u>
<u>CAPITAL OUTLAY</u>				
<u>Total expenditures</u>	<u>41,650</u>	<u>55,634</u>	<u>(13,984)</u>	<u>58,524</u>

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for collection and expenditures of the Village's one percent (1%) sales tax.

VILLAGE OF CANKTON, LOUISIANA
SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash	\$22,978	\$19,556
Investments	70,000	70,000
Due from other funds	<u>1,051</u>	<u>1,051</u>
<u>Total assets</u>	<u>94,029</u>	<u>90,607</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable	<u>\$823</u>	<u> </u>
<u>Total liabilities</u>	<u>823</u>	<u>-0-</u>
 <u>FUND BALANCE</u>		
Unreserved	<u>93,206</u>	<u>\$90,607</u>
 <u>Total liabilities and fund balance</u>	 <u>94,029</u>	 <u>90,607</u>

VILLAGE OF CANKTON, LOUISIANA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	SALES TAX FUND 1998		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	BUDGET	ACTUAL		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$8,700	\$8,441	\$(259)	\$9,279
Miscellaneous				
Interest income	<u>3,000</u>	<u>3,640</u>	<u>640</u>	<u>3,544</u>
Total revenues	<u>11,700</u>	<u>12,081</u>	<u>381</u>	<u>12,823</u>
<u>EXPENDITURES</u>				
Executive and administrative				
Hall supplies		138	(138)	
Collection fee	90	81	9	93
Legal and accounting	1,400	1,167	233	1,500
Security lighting	1,400	2,390	(990)	1,425
Miscellaneous	1,000	291	709	
Capital outlay	<u>2,850</u>	<u>5,415</u>	<u>(2,565)</u>	<u>6,550</u>
Total expenditures	<u>6,740</u>	<u>9,482</u>	<u>(2,742)</u>	<u>9,568</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	<u>4,960</u>	2,599	<u>(2,361)</u>	3,255
<u>FUND BALANCE</u> , beginning of year		<u>90,607</u>		<u>87,352</u>
<u>FUND BALANCE</u> , end of year		<u>93,206</u>		<u>90,607</u>

ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

A Water Utility Fund is the only Enterprise Fund owned and operated by the Village of Cankton.

VILLAGE OF CANKTON, LOUISIANA
ENTERPRISE FUND
BALANCE SHEET
JUNE 30, 1998 AND 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
<u>CURRENT ASSETS</u>		
Cash	\$17,142	\$50,157
Investments - Certificate of deposit	60,000	
Accounts receivable	12,343	10,683
Prepaid expenses	2,386	2,262
Due from other fund	<u>4,275</u>	<u>4,275</u>
<u>Total current assets</u>	<u>96,146</u>	<u>67,377</u>
<u>RESTRICTED ASSETS</u>		
Cash		
Waterworks system sinking fund	17,173	16,987
Depreciation and contingency fund	13,830	13,156
Revenue bond fund	11,493	10,856
Customers' deposits	<u>9,274</u>	<u>7,189</u>
<u>Total restricted assets</u>	<u>51,770</u>	<u>48,188</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Utility plant and depreciable assets (net of accumulated depreciation)	<u>267,312</u>	<u>275,515</u>
<u>Total assets</u>	<u>415,228</u>	<u>391,080</u>

This statement continued on next page.

VILLAGE OF CANKTON, LOUISIANA
ENTERPRISE FUND
BALANCE SHEET (CONTINUED)
JUNE 30, 1998 AND 1997

<u>LIABILITIES AND FUND EQUITY</u>	<u>1998</u>	<u>1997</u>
<u>CURRENT LIABILITIES</u> (from current assets)		
Accounts payable	\$6,517	\$1,605
Payroll taxes payable	963	421
Sales taxes payable	237	299
Note payable - Farmers State Bank	<u>3,063</u>	<u>3,871</u>
<u>Total</u>	<u>10,780</u>	<u>6,196</u>
<u>CURRENT LIABILITIES</u> (from restricted assets)		
Customers' deposits	9,215	7,130
Revenue bonds payable	3,000	3,000
Accrued interest	<u>596</u>	<u>616</u>
<u>Total</u>	<u>12,811</u>	<u>10,746</u>
<u>Total current liabilities</u>	<u>23,591</u>	<u>16,942</u>
<u>OTHER LIABILITIES</u>		
Revenue bonds payable	84,000	87,000
Note payable - Farmers State Bank	<u> </u>	<u>3,030</u>
<u>Total other liabilities</u>	<u>84,000</u>	<u>90,030</u>
<u>Total liabilities</u>	<u>107,591</u>	<u>106,972</u>
<u>FUND EQUITY</u>		
Contributed capital		
Contribution from federal grants	186,274	186,274
Contribution from municipality	41,164	41,164
Contribution from state grants	<u>60,000</u>	<u>60,000</u>
<u>Total contributed capital</u>	<u>287,438</u>	<u>287,438</u>
Retained earnings		
Reserved for customers' deposits	59	59
Reserved for bond retirement	25,070	24,228
Reserved for bond contingency	13,831	13,156
Unreserved retained earnings	<u>(18,761)</u>	<u>(40,773)</u>
<u>Total retained earnings</u>	<u>20,199</u>	<u>(3,330)</u>
<u>Total fund equity</u>	<u>307,637</u>	<u>284,108</u>
<u>Total liabilities and fund equity</u>	<u>415,228</u>	<u>391,080</u>

VILLAGE OF CANKTON, LOUISIANA
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ <u>136,938</u>	\$ <u>92,928</u>
<u>Total operating revenues</u>	<u>136,938</u>	<u>92,928</u>
<u>OPERATING EXPENSES</u>		
Personal services	43,736	19,508
Contractual services	6,600	6,624
Supplies	7,969	5,556
Other expenses	24,357	16,823
Depreciation	<u>13,241</u>	<u>13,767</u>
<u>Total operating expenses</u>	<u>95,903</u>	<u>62,278</u>
<u>OPERATING INCOME</u>	<u>41,035</u>	<u>30,650</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest income	1,807	1,820
Interest expense	<u>(4,813)</u>	<u>(5,107)</u>
<u>Total nonoperating (expenses)</u>	<u>(3,006)</u>	<u>(3,287)</u>
<u>INCOME BEFORE OPERATING TRANSFERS</u>	<u>38,029</u>	<u>27,363</u>
<u>OTHER TRANSFERS (OUT)</u>		
Operating transfers out	<u>(14,500)</u>	<u>(13,500)</u>
<u>Total operating transfers (out)</u>	<u>(14,500)</u>	<u>(13,500)</u>
<u>NET INCOME</u>	23,529	13,863
<u>RETAINED EARNINGS (DEFICIT), beginning of year</u>	<u>(3,330)</u>	<u>(17,193)</u>
<u>RETAINED EARNINGS (DEFICIT), end of year</u>	<u>20,199</u>	<u>(3,330)</u>

VILLAGE OF CANKTON, LOUISIANA
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$137,301	\$97,033
Cash payments to suppliers for goods and services	(34,138)	(29,090)
Cash payments to employees for services	<u>(43,194)</u>	<u>(19,453)</u>
<u>Net cash provided by operating activities</u>	<u>59,969</u>	<u>48,490</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</u>		
<u>ACTIVITIES</u>		
Acquisition and construction of capital assets	(5,038)	(6,962)
Principal paid on revenue bonds and loan	(6,838)	(5,652)
Interest paid on revenue bonds and loan	<u>(4,833)</u>	<u>(5,121)</u>
<u>Net cash (used) for capital and related</u>		
<u>financing activities</u>	<u>(16,709)</u>	<u>(17,735)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating transfers out	<u>(14,500)</u>	<u>(13,500)</u>
<u>Net cash (used) for noncapital financing</u>		
<u>activities</u>	<u>(14,500)</u>	<u>(13,500)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest earned	1,807	1,820
Investments - Certificate of deposit	<u>(60,000)</u>	<u> </u>
<u>Net cash provided (used) by</u>		
<u>investing activities</u>	<u>(58,193)</u>	<u>1,820</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	(29,433)	19,075
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>98,345</u>	<u>79,270</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>68,912</u>	<u>98,345</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income	\$41,035	\$30,650
Adjustments to reconcile operating income to		
net cash provided by operating activities:		
Depreciation	13,241	13,767
(Increase) decrease in accounts receivable	(1,660)	1,402
(Increase) decrease in prepaid expenses	(124)	155
(Increase) decrease in other receivables		1,815
(Increase) decrease in due from other funds		(196)
Increase (decrease) in accounts payable	4,912	(242)
Increase (decrease) in payroll taxes payable	542	55
Increase (decrease) in sales taxes payable	(62)	(1)
Net increase in customers' deposits	<u>2,085</u>	<u>1,085</u>
<u>Total adjustments</u>	<u>18,934</u>	<u>17,840</u>
<u>Net cash provided by operating activities</u>	<u>59,969</u>	<u>48,490</u>

VILLAGE OF CANKTON, LOUISIANA
ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>Personal services</u>		
Salaries and wages	\$40,170	\$18,140
Payroll taxes	<u>3,566</u>	<u>1,368</u>
	<u>43,736</u>	<u>19,508</u>
 <u>Contractual services</u>		
Meter connection fees	<u>6,600</u>	<u>6,624</u>
 <u>Supplies</u>		
Materials and supplies	3,357	3,035
Office supplies and postage	<u>4,612</u>	<u>2,521</u>
	<u>7,969</u>	<u>5,556</u>
 <u>Other</u>		
Insurance	3,312	3,287
Gas and oil	1,524	885
Miscellaneous	655	326
Truck expense	1,191	639
Utilities	5,424	5,499
Legal and professional services	1,168	1,500
Repairs and maintenance	10,158	3,869
Cash short	260	
Software support	300	785
Convention and travel	<u>365</u>	<u>33</u>
	<u>24,357</u>	<u>16,823</u>
 <u>Depreciation</u>	<u>13,241</u>	<u>13,767</u>
 <u> Total operating expenses</u>	<u>95,903</u>	<u>62,278</u>

FINANCIAL STATEMENT OF ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for fixed assets not used in proprietary fund operations.

VILLAGE OF CANKTON, LOUISIANA
STATEMENT OF GENERAL FIXED ASSETS
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>GENERAL FIXED ASSETS AT COST</u>		
Land	\$2,500	\$2,500
Building	188,610	185,310
Equipment	39,259	22,853
Other structures and improvements	<u>42,280</u>	<u>42,029</u>
<u>Total general fixed assets</u>	<u>272,649</u>	<u>252,692</u>
<u>INVESTMENTS IN GENERAL FIXED ASSETS FROM</u>		
General Fund	\$68,840	\$54,299
Sales Tax Fund	17,898	12,483
Federal Revenue Sharing Fund	34,412	34,412
Federal grants	<u>151,499</u>	<u>151,498</u>
<u>Total investments in general fixed assets</u>	<u>272,649</u>	<u>252,692</u>

OTHER ADDITIONAL INFORMATION

VILLAGE OF CANKTON, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 1998
 (UNAUDITED)

<u>INSURER</u>	<u>COVERAGE</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS</u>	<u>CO-INSURANCE</u>	<u>EFFECTIVE DATE</u> <u>FROM</u>	<u>TO</u>
Louisiana Municipal Risk Management Agency	Group Self Insurance Fund for Workmen's Compensation and Employer Liability Risk Sharing	Workmen's compensation	Statutory		1/1/98	1/1/99
Titan Insurance Group	1987 Dodge pickup 1993 Ford Crown Victoria	Liability, comprehensive and collision	\$500,000 \$-0- deductible		5/1/98	5/1/99
Commercial Union Ins. Co.	Fire station, city hall and waterworks system	Fire, lightning, extended coverage, contents, and vandalism and malicious mischief	\$279,600 \$500 deductible	90%	12/15/97	12/15/98
Western Surety Company	Town Clerk	Bond	\$60,000		5/1/98	5/1/99
Employer's Mutual Casualty Co.	Chief of Police	Bond	\$5,000		11/8/97	12/31/99
Titan Insurance Group	Commercial general liability	Personal and advertising injury Fire damage	\$500,000 \$500,000		5/1/98	5/1/99
Titan Insurance Group	Law enforcement officers' liability	Sodily injury property damage	\$500,000 \$2,500 deductible		5/1/98	5/1/99
Titan Insurance Group	Public officials liability	Errors and omission	\$500,000 \$2,500 deductible		5/1/98	5/1/99

RELATED REPORT

John Newton Stout, CPA
 Joel Lanclos, Jr., CPA
 Russell J. Stelly, CPA
 Dwight Ledoux, CPA
 Chizal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Darren J. Cart, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 (1904-1984)

Harold Dupre, CPA
 Retired

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

The Honorable Donald Menard, Mayor
 and Members of the Board of Aldermen
 Village of Cankton, Louisiana

We have audited the general purpose financial statements of the Village of Cankton, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated October 20, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Cankton, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described as follows:

98-1 Budget Amendment

Condition:

General Fund actual expenditures exceeded budgeted expenditures by 34 percent and the Special Revenue Fund actual expenditures exceeded budgeted expenditures by 41 percent.

Cause:

The allocation of expenditures was not done properly throughout the year to allow the budgeted expenditures to be allocated in the same manner.

Criteria:

LA RS 39:1309 states that a budget be amended when actual expenditures exceed budgeted expenditures by more than 5 percent.

The Honorable Donald Menard, Mayor
and Members of the Board of Aldermen
Page 2

Effect:

The budget should properly be used as a tool to ensure that actual expenditures do not materially differ from budgeted expenditures.

Recommendation:

We recommend that budgets for the General Fund and Special Funds be properly amended according to state law.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Cankton, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements *and not to provide assurance on the internal control over financial reporting.* However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Cankton, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described as follows:

98-2 Timely Deposit of Cash Receipts

Condition:

Some cash receipts are not being deposited on a timely basis.

Cause:

Because of the small dollar amounts of some day's collections, the money was being accumulated and deposited at a later date.

Criteria:

Deposits should be deposited on a daily basis both to improve cash flow and to reduce the risk of loss.

Effect:

Cash receipts not timely deposited may result in risk of loss from burglary, misplacement, or misappropriation. The cash is also not available for expenditures or investments.

Recommendation:

We recommend that all money collected be deposited on a daily basis.

The Honorable Donald Menard, Mayor
and Members of the Board of Aldermen
Page 3

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving internal control over financial reporting that we have reported to management of the Village of Cankton, Louisiana, in a separate letter dated October 20, 1998.

This report is intended for the information of the Village of Cankton, Louisiana, its Mayor, Board of Aldermen, and appropriate regulatory agency. However, this report is a matter of public record and its distribution is not limited.



Opelousas, Louisiana
October 20, 1998

SUPPLEMENTAL INFORMATION

VILLAGE OF CANKTON
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

Section I - Internal Control and Compliance Material to the Financial Statements

Proper Budget Amendments - Unresolved

Payment made in lieu of vacation - Resolved

Section II - Internal Control and Compliance Material to Federal Awards

N/A

Section III - Management Letter

N/A

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To the Honorable Donald Menard, Mayor
and Members of the Board of Aldermen
Village of Cankton, Louisiana

We have audited the general purpose financial statements of the Village of Cankton, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated October 20, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the general purpose financial statements, dated October 20, 1998, and our report on internal control and compliance with laws, regulations, contracts, and grants dated October 20, 1998.

During the course of our examination, we became aware of the following matter which represents a suggestion for improved internal controls.

Suggestion 98-1 - Bank Reconciliations

Although bank reconciliations are being prepared, the balances are not being compared to the balances recorded in the general ledger. Each month, the reconciled cash balances should be compared to the cash balance per the general ledger. This will ensure that all transactions are properly recorded in the general ledger.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendation.

A handwritten signature in cursive script that reads "John S. Dowling & Co". The signature is written in black ink and is positioned above the typed name and date.

Opelousas, Louisiana
October 20, 1998

Village of Cankton

107 Dandurand Street

Cankton, Louisiana 70581

Phone (318) 668-4456

MAYOR
Donald Menard

MAYOR PRO-TEM
Camille Menard

ALDERMEN
Jeston "Moochie" Cormier
James Bart Daigle

CLERK
Cinderella Miller

CHIEF OF POLICE
Ronald Menard



MANAGEMENT CORRECTIVE ACTION PLAN

Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sirs:

The Village of Cankton respectfully submits the following corective action plan for the fiscal year ended June 30, 1998. The name and address of the accounting firm is John S Dowling & Co., P. O. Box 433, Opelousas, La. 70571-0433. The findings from the audit report for the year ending June 30, 1998 are discussed below. They are numbered consistently with the number assigned in the report.

1998-1) We plan to ammend all budgets in accordance to state law.

1998-2) We are now making daily deposits on all accounts.

Suggestion 1998-1) We are now reconciling all bank statements to the general ledger in written form.

Please contact us if you need additional information.

Sincerely,

Donald Menard, Mayor
Village of Cankton, Louisiana