

VILLAGE OF CANKTON, LOUISIANA

Financial Report
Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

The Honorable Kevin Colligan, Mayor
and Members of the Board of Aldermen
Village of Cankton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Cankton, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village of Cankton, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Cankton, Louisiana, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and notes to the required supplementary information on pages 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Cankton, Louisiana's basic financial statements. The budgetary comparison information (revenues and expenditures) for the General Fund and the Schedule of insurance in force are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Justice System Funding Reporting Schedules (reporting schedules) were created by Act 87 of the Louisiana 2020 Regular Legislative Session. These reporting schedules are also not a required part of the basic financial statements.

The reporting schedules are the responsibility of management and were 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison information (revenues and expenditures) for the General Fund and the Schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Village of Cankton, Louisiana'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Cankton, Louisiana's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 13, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF CANKTON, LOUISIANA

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest bearing deposits	\$ 231,621	\$ 447,800	\$ 679,421
Receivables, net	22,120	53,567	75,687
Internal balances	5,000	(5,000)	-
Prepaid items	<u>6,901</u>	<u>4,981</u>	<u>11,882</u>
Total current assets	<u>265,642</u>	<u>501,348</u>	<u>766,990</u>
Noncurrent assets:			
Restricted cash	-	79,406	79,406
Capital assets:			
Non-depreciable	7,500	179,558	187,058
Depreciable, net	<u>274,276</u>	<u>1,846,689</u>	<u>2,120,965</u>
Total noncurrent assets	<u>281,776</u>	<u>2,105,653</u>	<u>2,387,429</u>
Total assets	<u>547,418</u>	<u>2,607,001</u>	<u>3,154,419</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	10,333	74,909	85,242
Capital lease payable	5,768	-	5,768
Retainage payable	-	23,025	23,025
Customer deposits	<u>-</u>	<u>78,457</u>	<u>78,457</u>
Total current liabilities	<u>16,101</u>	<u>176,391</u>	<u>192,492</u>
Noncurrent liabilities:			
Capital lease payable	<u>6,342</u>	<u>-</u>	<u>6,342</u>
Total noncurrent liabilities	<u>6,342</u>	<u>-</u>	<u>6,342</u>
Total liabilities	<u>22,443</u>	<u>176,391</u>	<u>198,834</u>
NET POSITION			
Net investment in capital assets	269,666	2,026,247	2,295,913
Restricted for tax dedications	231,042	-	231,042
Unrestricted	<u>24,267</u>	<u>404,363</u>	<u>428,630</u>
Total net position	<u>\$ 524,975</u>	<u>\$ 2,430,610</u>	<u>\$ 2,955,585</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2021

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 179,886	\$ 3,616	\$ -	\$ -	\$ (176,270)	\$ -	\$ (176,270)
Public safety	112,545	40,849	-	-	(71,696)	-	(71,696)
Total governmental activities	<u>292,431</u>	<u>44,465</u>	<u>-</u>	<u>-</u>	<u>(247,966)</u>	<u>-</u>	<u>(247,966)</u>
Business-type activities:							
Water Fund	314,928	321,887	-	195,490	-	202,449	202,449
Total business-type activities	<u>314,928</u>	<u>321,887</u>	<u>-</u>	<u>195,490</u>	<u>-</u>	<u>202,449</u>	<u>202,449</u>
Total	<u>\$ 607,359</u>	<u>\$ 366,352</u>	<u>\$ -</u>	<u>195,490</u>	<u>(247,966)</u>	<u>202,449</u>	<u>(45,517)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes					67,273	-	67,273
Franchise taxes					31,848	-	31,848
Interest income					427	464	891
Intergovernmental revenue					44,049	-	44,049
Occupational licenses and other permits					21,967	-	21,967
Miscellaneous income					9,323	-	9,323
Loss on disposal of assets					(279)	(37,094)	(37,373)
Transfers					50,000	(50,000)	-
Total general revenues and transfers					<u>224,608</u>	<u>(86,630)</u>	<u>137,978</u>
Change in net position					(23,358)	115,819	92,461
Net Position - June 30, 2020					<u>548,333</u>	<u>2,314,791</u>	<u>2,863,124</u>
Net Position - June 30, 2021					<u>\$ 524,975</u>	<u>\$ 2,430,610</u>	<u>\$ 2,955,585</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR 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.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund -

The Sales Tax Fund is used to account for the collection of a 1% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication. The proceeds of the 1% sales tax are dedicated to current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, and immovable property.

Enterprise Fund

Water Fund -

The Water Fund is used to account for the provision of water services to residents of the Village. The Water 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.

VILLAGE OF CANKTON, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total</u>
ASSETS			
Cash and interest bearing deposits	\$ 10,565	\$ 221,056	\$ 231,621
Receivables:			
Due from other governmental units	16,326	-	16,326
Sales tax receivable	-	5,794	5,794
Due from other funds	-	5,000	5,000
Prepaid items	<u>6,901</u>	<u>-</u>	<u>6,901</u>
Total assets	<u>\$ 33,792</u>	<u>\$ 231,850</u>	<u>\$ 265,642</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 562	\$ 808	\$ 1,370
Payroll liabilities	<u>8,963</u>	<u>-</u>	<u>8,963</u>
Total liabilities	<u>9,525</u>	<u>808</u>	<u>10,333</u>
Fund balances:			
Nonspendable	6,901	-	6,901
Restricted	-	231,042	231,042
Unassigned	<u>17,366</u>	<u>-</u>	<u>17,366</u>
Total fund balances	<u>24,267</u>	<u>231,042</u>	<u>255,309</u>
Total liabilities and fund balances	<u>\$ 33,792</u>	<u>\$ 231,850</u>	<u>\$ 265,642</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds at June 30, 2021	\$ 255,309
Total net position reported for governmental activities in the statement of net position is different because:	
<i>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:</i>	
Capital assets, net of \$468,099 accumulated depreciation	281,776
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. The debt is:	
Capital lease payable	<u>(12,110)</u>
Total net position of governmental activities at June 30, 2021	<u>\$ 524,975</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds

For the Year Ended June 30, 2021

	General	Sales Tax Special Revenue	Total
Revenues:			
Taxes	\$ 31,848	\$ 67,273	\$ 99,121
Licenses and permits	21,967	-	21,967
Charges for services	3,616	-	3,616
Intergovernmental	44,049	5,000	49,049
Fines and forfeitures	40,849	-	40,849
Miscellaneous	9,324	-	9,324
Interest Income	-	426	426
Total revenues	<u>151,653</u>	<u>72,699</u>	<u>224,352</u>
Expenditures:			
Current -			
Executive and administration	121,621	49,172	170,793
Public safety-Police department	88,012	-	88,012
Public safety-Fire department	2,111	-	2,111
Debt service	13,502	-	13,502
Capital outlay	1,533	10,101	11,634
Total expenditures	<u>226,779</u>	<u>59,273</u>	<u>286,052</u>
Excess (deficiency) of revenues over expenditures	<u>(75,126)</u>	<u>13,426</u>	<u>(61,700)</u>
Other financing sources (uses):			
Transfers in	80,000	-	80,000
Transfers out	-	(30,000)	(30,000)
Total other financing sources (uses)	<u>80,000</u>	<u>(30,000)</u>	<u>50,000</u>
Net changes in fund balances	4,874	(16,574)	(11,700)
Fund balances, beginning	<u>19,393</u>	<u>247,616</u>	<u>267,009</u>
Fund balances, ending	<u>\$ 24,267</u>	<u>\$ 231,042</u>	<u>\$ 255,309</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statements of Activities
For the Year Ended June 30, 2021

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (11,700)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balances.	\$ 11,634	
Depreciation expense	<u>(30,536)</u>	(18,902)

Because governmental funds do not record fixed assets and accumulated depreciation, any assets sold does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are sold and the proceeds from the sale are considered a revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Loss on disposal of assets	(279)
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on capital leases	12,523
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Because some revenues were not measurable in the prior year end, they were not considered available in governmental funds in the prior year.	<u>(5,000)</u>
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Total change in net position for the year ended June 30, 2021 per Statement of Activities	<u>\$ (23,358)</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2021

ASSETS

Current assets:

Cash and interest bearing deposits	\$ 447,800
Receivables:	
Accounts receivable (net)	32,539
Due from other governmental units	20,979
Accrued interest receivable	49
Prepaid insurance	<u>4,981</u>
Total current assets	<u>506,348</u>

Noncurrent assets:

Restricted cash	79,406
Capital assets:	
Non-depreciable	179,558
Depreciable, net	<u>1,846,689</u>
Total noncurrent assets	<u>2,105,653</u>
Total assets	<u>2,612,001</u>

LIABILITIES

Current liabilities (from current assets):

Accounts payable	71,096
Accrued payroll and payroll taxes	3,813
Retainage payable	23,025
Due to other funds	<u>5,000</u>
Total current liabilities	<u>102,934</u>

Current liabilities (from restricted assets):

Customers' deposits	<u>78,457</u>
Total liabilities	<u>181,391</u>

NET POSITION

Net investment in capital assets	2,026,247
Unrestricted	<u>404,363</u>
Total net position	<u>\$ 2,430,610</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund

For the Year Ended June 30, 2021

Operating revenues:	
Charges for services	\$ 321,887
Total operating revenue	<u>321,887</u>
Operating expenses:	
Personal services	74,341
Executive and administrative	19,357
Legal and professional	45,591
Insurance	19,611
Supplies	43,714
Repairs and maintenance	22,971
Miscellaneous	15,815
Depreciation	<u>73,528</u>
Total operating expenses	<u>314,928</u>
Operating income	<u>6,959</u>
Non-operating revenue and expenses:	
Grant income	195,490
Interest income	464
Loss on disposal of assets	<u>(37,094)</u>
Total non-operating revenue and expense	<u>158,860</u>
Income before transfers	<u>165,819</u>
Transfers:	
Transfers out	<u>(50,000)</u>
Change in net position	115,819
Net position, beginning	<u>2,314,791</u>
Net position, ending	<u>\$ 2,430,610</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 322,854
Payments to suppliers	(102,877)
Payments to employees	<u>(73,866)</u>
Net cash provided by operating activities	<u>146,111</u>
Cash flows from noncapital financing activities:	
Operating transfers out	(50,000)
Net increase in customers' deposits	<u>4,915</u>
Net cash used by noncapital financing activities	<u>(45,085)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(315,745)
Grant income	<u>174,511</u>
Net cash used by capital and related financing activities	<u>(141,234)</u>
Cash flows from investing activities	
Interest earned	<u>464</u>
Net cash provided by investing activities	<u>464</u>
Net increase in cash and cash equivalents	(39,744)
Cash and cash equivalents, beginning of period	<u>320,782</u>
Cash and cash equivalents, end of period	<u>\$ 281,038</u>

(continued)

VILLAGE OF CANKTON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (continued)
 For the Year Ended June 30, 2021

Cash flows from operating activities	
Operating income	<u>\$ 6,959</u>
Adjustments to reconcile operating income to net cash provided by operating activities-	
Depreciation	73,528
Changes in current assets & liabilities:	
Decrease in accounts receivable	967
Increase in prepaid insurance	(805)
Increase in accounts payable and other accrued liabilities	60,462
Increase in interfund balance	<u>5,000</u>
Total adjustments	<u>139,152</u>
Net cash provided by operating activities	<u>\$ 146,111</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period:	
Cash and interest-bearing deposits - unrestricted	\$ 493,408
Cash - restricted	73,542
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(246,168)</u>
Total cash and cash equivalents	<u>320,782</u>
Cash and cash equivalents, end of period:	
Cash and interest-bearing deposits - unrestricted	447,800
Cash - restricted	79,406
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(246,168)</u>
Total cash and cash equivalents	<u>281,038</u>
Net increase in cash and cash equivalents	<u>\$ (39,744)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Village of Cankton, Louisiana (the "Village") was incorporated in October 1960, under the provisions of the Lawrason Act, State of Louisiana. The act provides for the Mayor-Board of Trustees form of government. The Village's operations include police protection, streets and drainage, and general administration services. The Village owns and operates one enterprise activity, a water fund, which provides water services.

The accompanying financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 61. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village has no component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. *Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.*

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

Governmental Fund Types-

General Fund

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

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Fund –

Sales Tax Fund

The Sales Tax Fund is used to account for the proceeds of a one percent (1%) sales and use tax that is legally restricted to expenditures for specified purposes.

Proprietary Fund Type –

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating. The Village applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The Village's enterprise fund is the Water Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental and business-type activities are presented using the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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. Other major revenues considered susceptible to accrual are earned grant revenues.

Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. See Note (2) for additional disclosures.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer’s utility service receivables, net of an allowance for doubtful accounts, as their major receivables.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 recorded as prepaid items. The only prepaid item that existed at June 30, 2021 was prepaid insurance.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

Capital Assets

The accounting treatment for buildings, improvements, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are capitalized as they relate to fixed assets. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Buildings and improvements	10-40 years
Furniture and equipment	5-40 years
Vehicles	9-20 years
Water System	10-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Prior to the adoption of GASB 34, it was the Village's policy not to record infrastructure; therefore, the Village did not have a complete listing of infrastructure. However, through the years, a partial list of infrastructure was maintained. The Village has opted not to do a detailed analysis of existing infrastructure. Rather, the Village will include the infrastructure for which cost information is available and begin accumulating infrastructure information prospectively.

Compensated Absences

An employee must be employed by the Village of Cankton for at least one year before they will be entitled to one week paid vacation. After five years employment with the Village the employee will be entitled to two weeks paid vacation per year. Unused vacation may not be accumulated or carried over from one anniversary date of employment to another. An employee may get paid for any unused vacation during that same calendar year. All employees shall earn sick leave at a rate of one day for each month worked. Employees may not accumulate more than ten days sick leave per year and no more than thirty days of sick leave overall. Employees do not get paid for unused sick leave. Any liability for accumulated leave is determined immaterial to the financial statements at June 30, 2021 and, therefore, not recorded in the financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village’s adopted policy, only Board members or the Mayor may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Sales Tax Fund	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 6,901	\$ -	\$ 6,901
Restricted:			
Sales tax	-	231,042	231,042
Unassigned	<u>17,366</u>	<u>-</u>	<u>17,366</u>
	<u>\$ 24,267</u>	<u>\$ 231,042</u>	<u>\$ 255,309</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and interest-bearing deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021, the Village has cash and interest-bearing deposits (book balances) totaling \$758,827.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2021 are secured as follows:

Bank balances	<u>\$ 766,183</u>
At June 30, 2021 the deposits are secured as follows:	
Federal deposit insurance	\$ 709,917
Pledged securities	<u>56,266</u>
Total	<u>\$ 766,183</u>

Deposits in the amount of \$56,266 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

(3) Restricted Cash

Restricted cash at June 30, 2021 is comprised of the following:

	<u>Business-Type Activities</u>
Customers' deposits	<u>\$ 79,406</u>

VILLAGE OF CANKTON, LOUISIANA
Notes to Basic Financial Statements (Continued)

(4) Receivables

The following is a summary of receivables at June 30, 2021:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ -	\$ 51,005	\$ 51,005
Allowance	-	(18,466)	(18,466)
Franchise taxes	5,418	-	5,418
Licenses	4,687	-	4,687
Video poker	5,430	-	5,430
Sales tax	5,794	-	5,794
Grants	-	20,979	20,979
Other	791	49	840
Total	\$ 22,120	\$ 53,567	\$ 75,687

(5) Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

	Balance 06/30/20	Additions	Deletions	Balance 06/30/21
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Other capital assets:				
Buildings and improvements	423,925	-	-	423,925
Equipment	109,313	10,101	-	119,414
Furniture and Fixtures	8,139	1,533	(2,521)	7,151
Vehicles	14,165	-	-	14,165
Vehicles - capital lease	68,320	-	-	68,320
Other structures and improvements	109,400	-	-	109,400
Total capital assets	740,762	11,634	(2,521)	749,875

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>Balance</u> <u>06/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/21</u>
Less accumulated depreciation:				
Buildings and improvements	235,889	9,707	-	245,596
Equipment	78,659	6,611	-	85,270
Furniture and Fixtures	7,563	51	(2,242)	5,372
Vehicles	19,513	502	-	20,015
Vehicles - capital lease	33,694	13,665	-	47,359
Other structures and improvements	<u>64,487</u>	<u>-</u>	<u>-</u>	<u>64,487</u>
Total accumulated depreciation	<u>439,805</u>	<u>30,536</u>	<u>(2,242)</u>	<u>468,099</u>
Governmental activities, capital assets, net	<u>\$ 300,957</u>	<u>\$ (18,902)</u>	<u>\$ (279)</u>	<u>\$ 281,776</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 95,619	\$ -	\$ -	\$ 95,619
Construction in progress	17,439	66,500	-	83,939
Other capital assets:				
Waterworks plant and equipment	<u>2,792,765</u>	<u>272,270</u>	<u>(61,587)</u>	<u>3,003,448</u>
Total capital assets	<u>2,905,823</u>	<u>338,770</u>	<u>(61,587)</u>	<u>3,183,006</u>
Less accumulated depreciation:				
Waterworks plant and equipment	<u>1,107,724</u>	<u>73,528</u>	<u>(24,493)</u>	<u>1,156,759</u>
Total accumulated depreciation	<u>1,107,724</u>	<u>73,528</u>	<u>(24,493)</u>	<u>1,156,759</u>
Business-type activities, capital assets, net	<u>\$ 1,798,099</u>	<u>\$ 265,242</u>	<u>\$ (37,094)</u>	<u>\$ 2,026,247</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,093
Public safety - police	18,963
Public safety - fire	<u>2,480</u>
 Total depreciation expense	 <u>\$ 30,536</u>

VILLAGE OF CANKTON, LOUISIANA
Notes to Basic Financial Statements (Continued)

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2021:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 1,370	\$ 71,096	\$ 72,466
Payroll liabilities	8,963	3,813	12,776
Total	\$ 10,333	\$ 74,909	\$ 85,242

(7) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2021. The capital leases relate to governmental activities, and the payments are made from the general fund.

	Vehicle Capital Lease
Long-term debt at June 30, 2020	\$ 24,633
Debt assumed	-
Debt retired	(12,523)
Long-term debt at June 30, 2021	\$ 12,110

Long-term debt at June 30, 2021 is comprised of the following:

Vehicle Capital Leases:

\$35,667 capital lease on (2) 2013 Ford Explorers, due in monthly installments of \$656; due from August 1, 2016 to July 1, 2021; interest rate of 3.970 percent.	\$ 654
\$24,495 capital lease on (1) 2015 Chevy Tahoe, due in monthly installments of \$469; due from September 30, 2018 to August 31, 2023; interest rate of 5.580 percent.	11,456
Long-term debt	\$ 12,110

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The future minimum lease payments for capital leases at June 30, 2021 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	5,770	510	6,280
2023	5,409	216	5,625
2024	<u>931</u>	<u>7</u>	<u>938</u>
Totals	<u>\$ 12,110</u>	<u>\$ 733</u>	<u>\$ 12,843</u>

(8) Dedication of Sales Tax Proceeds

Proceeds of the one percent sales and use tax being levied by the Village, 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.

(9) Interfund Transactions

A. Interfund Payables

Interfund payables consisted of the following for the year ended June 30, 2021:

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
Governmental Funds:		
Sales Tax Fund	\$ 5,000	\$ -
Enterprise Fund:		
Water Fund	<u>-</u>	<u>5,000</u>
Total	<u>\$ 5,000</u>	<u>\$ 5,000</u>

Operating expenses had not yet been reimbursed at year-end, causing the balances noted above. These reimbursements are expected to be made within the next fiscal year.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Interfund Transfers

Interfund transfers consisted of the following for the year ended June 30, 2021:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 80,000	\$ -
Sales Tax Fund	-	30,000
Enterprise Fund:		
Water Fund	-	50,000
Total	<u>\$ 80,000</u>	<u>\$ 80,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance programs accounting for in other funds in accordance with budgetary authorization.

(10) Litigation

There is no litigation pending against the Village at June 30, 2021.

(11) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, and worker's compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(12) Act 706-Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity

Under Act 706, the Village is required to disclose the compensation, reimbursements, benefits, and other payments made to the Mayor, in which the payments are related to the position. The following is a schedule of payments made to the Mayor for the year ended June 30, 2021.

Entity head: Kevin Colligan, Mayor

Salary and allowance	\$ 9,600
Expense reimbursement	840
Total	<u>\$ 10,440</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Compensation to Board Members

The following is a schedule of payments made to the Village board members for the year ended June 30, 2021:

Danny Uriegas	\$ 2,400
Malcolm Bussey	2,400
Matthew Smith	<u>2,400</u>
Total	<u>\$ 7,200</u>

(14) Risks and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated closings, reduction of operating hours, or operational restrictions for nonessential businesses, including retail stores, restaurants, personal service businesses and all entertainment venues. While the disruption is expected to be temporary, there is still uncertainty around the duration of and the implications of the closings. The Village of Cankton expects this matter to negatively impact availability of resources and operating results. The financial impact cannot be reasonable estimated at this time.

(15) Subsequent Events

The American Rescue Plan Act (ARPA) of 2021 was signed into law on March 11, 2021. This Act provides funds for eligible state, local, territorial, and Tribal Governments to respond to the COVID-19 emergency and bring back jobs. Village of Cankton received \$93,388 of funding in August of 2021.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 31,100	\$ 31,100	\$ 31,848	\$ 748
Licenses and permits	16,200	16,200	21,967	5,767
Charges for services	4,400	4,400	3,616	(784)
Intergovernmental	29,700	29,700	44,049	14,349
Fines and forfeitures	75,000	35,000	40,849	5,849
Miscellaneous	2,000	2,000	9,324	7,324
Total revenues	158,400	118,400	151,653	33,253
Expenditures:				
Current -				
Executive and administration	130,155	130,155	121,621	8,534
Public safety-Police department	92,900	92,900	88,012	4,888
Public Safety- Fire department	-	-	2,111	(2,111)
Debt service	13,500	13,500	13,502	(2)
Capital outlay	-	-	1,533	(1,533)
Total expenditures	236,555	236,555	226,779	9,776
Deficiency of revenues over expenditures	(78,155)	(118,155)	(75,126)	43,029
Other financing sources:				
Transfers in	90,000	75,000	80,000	5,000
Net change in fund balance	11,845	(43,155)	4,874	48,029
Fund balance, beginning	48,145	19,393	19,393	-
Fund balance, ending	\$ 59,990	\$ (23,762)	\$ 24,267	\$ 48,029

VILLAGE OF CANKTON, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Sales tax collections	\$ 44,000	\$ 44,000	\$ 67,273	\$ 23,273
Interest income	800	800	426	(374)
Intergovernmental	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total revenues	<u>44,800</u>	<u>44,800</u>	<u>72,699</u>	<u>27,899</u>
Expenditures:				
Current:				
General government -				
Collection fee	400	400	414	(14)
Security lighting	11,000	11,000	13,049	(2,049)
Repairs and maintenance	-	-	30,644	(30,644)
Miscellaneous	<u>-</u>	<u>-</u>	<u>5,065</u>	<u>(5,065)</u>
Total general government	<u>11,400</u>	<u>11,400</u>	<u>49,172</u>	<u>(37,772)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>10,101</u>	<u>(10,101)</u>
Total expenditures	<u>11,400</u>	<u>11,400</u>	<u>59,273</u>	<u>(47,873)</u>
Excess of revenues over expenditures	33,400	33,400	13,426	(19,974)
Other financing uses:				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(30,000)</u>	<u>(10,000)</u>
Net change in fund balance	13,400	13,400	(16,574)	(29,974)
Fund balance, beginning	<u>350,246</u>	<u>247,616</u>	<u>247,616</u>	<u>-</u>
Fund balance, ending	<u>\$ 363,646</u>	<u>\$ 261,016</u>	<u>\$ 231,042</u>	<u>\$ (29,974)</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

(1) Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. A public meeting is scheduled by the Mayor and Board of Aldermen after allowing for at least 10 days' notice to the public at the time the budget is initially submitted to the Board.
- B. The budget must be finally adopted by the Board prior to the last day of the preceding fiscal year.
- C. The Mayor and Board of Aldermen may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
- D. 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).

(2) Excess of Expenditures Over Appropriations

For the year ended June 30, 2021, the following fund had actual expenditures over appropriations:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
Sales Tax Fund	\$ 11,400	\$ 59,273	\$ (47,873)

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF CANKTON, LOUISIANA

Justice System Funding Reporting Schedule - Collecting/Disbursing Entity
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 June 30, 2021

	First Six Month Period Ended 12/31/20	Second Six Month Period Ended 06/30/21
Beginning Balance of Amounts Collected (i.e. cash on hand)		
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	4,352	6,708
Criminal Fines - Contempt	-	-
Criminal Fines - Other	14,499	15,077
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	429	476
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	19,280	22,261
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
Acadiana Criminalistics Laboratory, Court Costs/Fees	1,860	2,290
Department of Health & Hospitals, Traumatic Head & Spine Cord Injury Trust Fund, Criminal Court Costs/Fees	325	390
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees	130	168
Louisiana Supreme Court, Criminal Court Costs/Fees	32	42
State of Louisiana, Trial Court Management Information System, Criminal Court Costs/Fees	64	84
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	1,941	3,734
Self-Disbursed to Village of Cankton, Criminal Fines, other	14,499	15,077
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	429	476
Subtotal Disbursements/Retainage	19,280	22,261
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)		
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.		
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)		
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)		

VILLAGE OF CANKTON, LOUISIANA

Justice System Funding Reporting Schedule - Receiving Entity
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 June 30, 2021

First Six Month Period Ended 12/31/20	Second Six Month Period Ended 06/30/21
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Receipts From: *(Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)*

Louisiana Department of Public Safety and Corrections, Criminal Court
Costs/Fees
Subtotal Receipts

38	175
38	175

Ending Balance of Amounts Assessed but Not Received *(only applies to those agencies that assess on behalf of themselves, such as courts)*

-	-
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Collection Types to be used in the "Receipts From:" section above
Civil Fees
Bond Fees
Asset Forfeiture/Sale
Pre-Trial Diversion Program Fees
Criminal Court Costs/Fees
Criminal Fines - Contempt
Criminal Fines - Other
Restitution
Probation/Parole/Supervision Fees
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)
Interest Earnings on Collected Balances
Other <i>(do not include collections that fit into more specific categories above)</i>

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
Franchise-telephone	\$ 1,000	\$ 1,000	\$ 566	\$ (434)
Franchise-cable	4,000	4,000	4,765	765
Franchise-gas	1,000	1,000	1,037	37
Franchise-electric	25,100	25,100	25,480	380
Total taxes	<u>31,100</u>	<u>31,100</u>	<u>31,848</u>	<u>748</u>
Licenses and permits:				
Occupational licenses	8,000	8,000	14,437	6,437
Building permits	7,000	7,000	7,130	130
Culvert permits	1,200	1,200	400	(800)
Total licenses & permits	<u>16,200</u>	<u>16,200</u>	<u>21,967</u>	<u>5,767</u>
Charges for services:				
Park rental	400	400	1,925	1,525
Rental of hall	4,000	4,000	1,691	(2,309)
Total charges for services	<u>4,400</u>	<u>4,400</u>	<u>3,616</u>	<u>(784)</u>
Intergovernmental revenues:				
State beer tax	700	700	481	(219)
Racino income	29,000	29,000	29,560	560
Solid waste	-	-	14,008	14,008
Total intergovernmental revenues	<u>29,700</u>	<u>29,700</u>	<u>44,049</u>	<u>14,349</u>
Fines and forfeitures	<u>75,000</u>	<u>35,000</u>	<u>40,849</u>	<u>5,849</u>
Miscellaneous income:				
Interest income	-	-	1	1
Park donations	-	-	8,200	8,200
Miscellaneous	2,000	2,000	1,123	(877)
Total miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>9,324</u>	<u>7,324</u>
Total revenues	<u>\$ 158,400</u>	<u>\$ 118,400</u>	<u>\$ 151,653</u>	<u>\$ 33,253</u>

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Executive and Administrative</u>				
Salaries	\$ 64,000	\$ 64,000	\$ 68,633	\$ (4,633)
Payroll taxes	12,000	12,000	9,204	2,796
Insurance	11,600	11,600	9,451	2,149
Legal and accounting	800	800	(6,275)	7,075
Consulting fees	500	500	-	500
Dues	1,600	1,600	1,321	279
Office supplies	1,500	1,500	315	1,185
Hall supplies	2,000	2,000	2,391	(391)
Conventions and travel	3,000	3,000	139	2,861
Repairs and maintenance	9,400	9,400	10,058	(658)
Pest control	480	480	480	-
Telephone	3,500	3,500	3,489	11
Utilities	3,500	3,500	3,642	(142)
Park expense	5,000	5,000	6,477	(1,477)
U.C. Fund	-	-	-	-
Uniforms	150	150	-	150
Park equipment	2,775	2,775	1,242	1,533
Miscellaneous	8,350	8,350	11,054	(2,704)
Total executive and administrative	<u>130,155</u>	<u>130,155</u>	<u>121,621</u>	<u>8,534</u>
<u>Police Department</u>				
Salaries	55,600	55,600	48,607	6,993
Insurance	10,000	10,000	11,682	(1,682)
Uniforms	1,000	1,000	736	264
Court costs	11,000	11,000	5,385	5,615
Dues and subscriptions	300	300	1,137	(837)
Office supplies	300	300	1,253	(953)
Supplies	2,000	2,000	1,395	605
Gas and oil	4,700	4,700	3,869	831
Conventions and travel	500	500	255	245
Repairs and maintenance	3,500	3,500	8,687	(5,187)
Telephone	4,000	4,000	4,508	(508)
Miscellaneous	-	-	498	(498)
Total police department	<u>92,900</u>	<u>92,900</u>	<u>88,012</u>	<u>4,888</u>
<u>Fire Department</u>				
Equipment Insurance	-	-	2,111	(2,111)

(continued)

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt service	<u>13,500</u>	<u>13,500</u>	<u>13,502</u>	<u>(2)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>1,533</u>	<u>(1,533)</u>
Total expenditures	<u>\$ 236,555</u>	<u>\$ 236,555</u>	<u>\$ 226,779</u>	<u>\$ 9,776</u>

VILLAGE OF CANKTON, LOUISIANA

Schedule of Insurance in Force
June 30, 2021

Insurer	Type of Coverage	Limits	Effective Date	
			From	To
Dupre-Carrier-Godcheaux Agency	Law enforcement officer's liability	\$ 500,000 \$ 1,000 deductible	7/1/2020	7/1/2021
Dupre-Carrier-Godcheaux Agency	Fire station, city hall, and waterworks system	\$ 1,744,144 \$ 1,000 deductible	12/15/2020	12/15/2021
Rod Prejean & Associates (Comprehensive and collision)	2014 Ford F150 (2) 2013 Ford Explorers 2015 Chevy Tahoe 2019 Dodge F150	\$ 79,500 \$ 250 deductible	7/1/2020	7/1/2021
Rod Prejean & Associates	Contractors' equipment coverage	\$ 37,410	3/14/2021	3/14/2022
Rod Prejean & Associates	Workmen's compensation	Statutory	1/1/2021	1/1/2022
Louisiana Municipal Risk Management Agency	2014 Ford F150 (2) 2013 Ford Explorers 2015 Chevy Tahoe 2019 Dodge F150	\$ 500,000	7/1/2020	7/1/2021
Louisiana Municipal Risk Management Agency	Commercial general liability	\$ 500,000	7/1/2020	7/1/2021
Louisiana Municipal Risk Management Agency	Errors and Omissions	\$ 500,000	7/1/2020	7/1/2021

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

Certified Public Accountants

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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 Kevin Colligan, Mayor
and Members of the Board of Aldermen
Village of Cankton, 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, and each major fund of the Village of Cankton, Louisiana as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village of Cankton, Louisiana's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Cankton, Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 Village of Cankton, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Cankton, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described as 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as 2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Cankton, Louisiana's financial statements are free from 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as items 2021-003, 2021-004 and 2021-005.

Village of Cankton, Louisiana's Response to Findings

The Village of Cankton, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The Village of Cankton, Louisiana's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 13, 2021

VILLAGE OF CANKTON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2021

I. Prior Year Findings:

Internal Control Over Financial Reporting

2020-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2021-001.

2020-002 – Inadequate Controls Over Financial Statement Preparation

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.

Status: Unresolved. See item 2021-002.

Compliance

2020-003 – Noncompliance with the Louisiana Local Government Budget Act

Finding: The Village's revenues and other sources of the General Fund failed to meet the budgeted revenues and other sources by five percent or more. In addition, the Village's expenditures and other uses of the Sales Tax Fund exceeded budgeted expenditures and other uses by five percent or more.

Status: Unresolved. See item 2021-003.

Management Letter Items

There were no items reported at June 30 2020.

II. Current Year Findings and Management's Corrective Action Plan:

2021-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurring – Unknown

Condition and Criteria:

The Village did not have adequate segregation of functions within the accounting system.

Effect:

This condition represents a material weakness in the internal control of the Village.

(continued)

VILLAGE OF CANKTON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2021

Cause:

The condition resulted because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Mr. Kevin Colligan, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2021-002 – Inadequate Controls Over Financial Statement Preparation; Year Initially Occurring –
Unknown

Condition and Criteria:

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a significant deficiency in the internal control of the Village.

Cause:

The condition resulted because Village personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Village should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's Corrective Action Plan:

Mr. Kevin Colligan, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Village to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

(continued)

VILLAGE OF CANKTON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2021

Compliance

2021-003 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred—
06/30/2020

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1314, known as the Local Government Budget Act, requires that the budget be amended when actual expenditures and other uses plus projected expenditures and other uses are exceeding the budgeted expenditures and other uses by five percent or more. The Village expenditures and other uses of the Sales Tax Fund exceeded the budgeted expenditures by approximately 184%.

Effect:

This condition represents a violation of the Louisiana Government Budget Act.

Cause:

The Village did not amend the budgeted expenditures for the Sales Tax Fund to account for Capital Outlay.

Recommendation:

The Village should evaluate the need for budgeted capital outlay as the year progresses and amend the budget, if necessary.

Management's Corrective Action Plan:

Mr. Kevin Colligan, Mayor, will consider expenditures paid in the next fiscal year that should be accrued (and thus budgeted for) in the current fiscal year.

2021-004 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred –
06/30/2021

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1309 requires that all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in an open meeting and completed before the end of the prior fiscal year. The Village adopted their budget for fiscal year ending June 30, 2021 in July 2021.

(continued)

VILLAGE OF CANKTON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2021

Effect:

This condition represents a violation of the Louisiana Government Budget Act.

Cause:

The condition resulted because the Village failed to adopt a proposed budget for the fiscal year in a timely manner.

Recommendation:

The Village should make it a priority to propose a budget for the fiscal year prior to the end of the prior fiscal year.

Management's Corrective Action Plan:

Mr. Kevin Colligan, Mayor, will ensure the budget approval process is followed and that the approval of a proposed budget will be adopted in a timely manner.

2021-005 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred –
06/30/2021

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1305(E) requires that the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year. The Village's amended budget for fiscal year ending June 30, 2021 reflected proposed expenditures that exceeded total estimated funds for the General Fund.

Effect:

This condition represents a violation of the Louisiana Government Budget Act.

Cause:

The condition resulted because the Village proposed expenditures in its amended budget for the General Fund in excess of the allowable amount under the Louisiana Government Budget Act.

Recommendation:

The Village should be aware of available fund balance from the prior fiscal year and consider such when proposing and amending the budget.

Management's Corrective Action Plan:

Mr. Kevin Colligan, Mayor, will ensure fund balance from the prior fiscal year is considered when proposing and amending future budgets.