

VILLAGE OF CANKTON, LOUISIANA

**Financial Report
Year Ended June 30, 2020**

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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, 2020, 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, 2020, 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 33 through 35 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 other supplementary information on pages 37 through 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has 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 November 23, 2020, 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
November 23, 2020

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF CANKTON, LOUISIANA

Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest bearing deposits	\$ 358,466	\$ 493,408	\$ 851,874
Accounts receivable (net)	11,939	33,506	45,445
Accrued interest receivable	-	49	49
Due from other governments	5,000	-	5,000
Prepaid items	6,113	4,176	10,289
Total current assets	<u>381,518</u>	<u>531,139</u>	<u>912,657</u>
Noncurrent assets:			
Restricted cash	-	73,542	73,542
Capital assets, net	300,957	1,798,099	2,099,056
Total noncurrent assets	<u>300,957</u>	<u>1,871,641</u>	<u>2,172,598</u>
Total assets	<u>682,475</u>	<u>2,402,780</u>	<u>3,085,255</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	109,509	14,447	123,956
Capital lease payable	12,523	-	12,523
Customer deposits	-	73,542	73,542
Total current liabilities	<u>122,032</u>	<u>87,989</u>	<u>210,021</u>
Noncurrent liabilities:			
Capital lease payable	12,110	-	12,110
Total noncurrent liabilities	<u>12,110</u>	<u>-</u>	<u>12,110</u>
Total liabilities	<u>134,142</u>	<u>87,989</u>	<u>222,131</u>
NET POSITION			
Net investment in capital assets	276,324	1,798,099	2,074,423
Restricted for tax dedications	252,616	-	252,616
Unrestricted	19,393	516,692	536,085
Total net position	<u>\$ 548,333</u>	<u>\$ 2,314,791</u>	<u>\$ 2,863,124</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2020

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	\$ 162,250	\$ 3,600	\$ -	\$ 5,000	\$ (153,650)	\$ -	\$ (153,650)
Public safety	112,154	62,456	-	-	(49,698)	-	(49,698)
Total governmental activities	<u>274,404</u>	<u>66,056</u>	<u>-</u>	<u>5,000</u>	<u>(203,348)</u>	<u>-</u>	<u>(203,348)</u>
Business-type activities:							
Water Fund	313,503	311,081	-	7,300	-	4,878	4,878
Total business-type activities	<u>313,503</u>	<u>311,081</u>	<u>-</u>	<u>7,300</u>	<u>-</u>	<u>4,878</u>	<u>4,878</u>
Total	<u>\$ 587,907</u>	<u>\$ 377,137</u>	<u>\$ -</u>	<u>12,300</u>	<u>(203,348)</u>	<u>4,878</u>	<u>(198,470)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes					52,030	-	52,030
Franchise taxes					31,164	-	31,164
Interest income					1,757	2,136	3,893
Intergovernmental revenue					22,920	-	22,920
Occupational licenses and other permits					18,931	-	18,931
Miscellaneous income					2,578	-	2,578
Gain on sale of assets					1,000	-	1,000
Transfers					65,810	(65,810)	-
Total general revenues and transfers					<u>196,190</u>	<u>(63,674)</u>	<u>132,516</u>
Change in net position					(7,158)	(58,796)	(65,954)
Net Position - June 30, 2019					<u>555,491</u>	<u>2,373,587</u>	<u>2,929,078</u>
Net Position - June 30, 2020					<u>\$ 548,333</u>	<u>\$2,314,791</u>	<u>\$ 2,863,124</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, 2020

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total</u>
ASSETS			
Cash and interest bearing deposits	\$ 12,498	\$ 345,968	\$ 358,466
Accounts receivable	11,939	-	11,939
Prepaid items	<u>6,113</u>	<u>-</u>	<u>6,113</u>
Total assets	<u>\$ 30,550</u>	<u>\$ 345,968</u>	<u>\$ 376,518</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 992	\$ 98,352	\$ 99,344
Payroll liabilities	<u>10,165</u>	<u>-</u>	<u>10,165</u>
Total liabilities	<u>11,157</u>	<u>98,352</u>	<u>109,509</u>
Fund balances:			
Nonspendable	6,113	-	6,113
Restricted	-	247,616	247,616
Unassigned	<u>13,280</u>	<u>-</u>	<u>13,280</u>
Total fund balances	<u>19,393</u>	<u>247,616</u>	<u>267,009</u>
Total liabilities and fund balances	<u>\$ 30,550</u>	<u>\$ 345,968</u>	<u>\$ 376,518</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, 2020

Total fund balances for governmental funds at June 30, 2020	\$ 267,009
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital assets, net of \$439,805 accumulated depreciation	300,957
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	(24,633)
Grant revenue which is not "measurable" at year-end and therefore is not available soon enough to pay for current period expenditures is not reported in the governmental funds.	<u>5,000</u>
Total net position of governmental activities at June 30, 2020	<u>\$ 548,333</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, 2020

	General	Sales Tax Special Revenue	Total
Revenues:			
Taxes	\$ 31,164	\$ 52,030	\$ 83,194
Licenses and permits	18,931	-	18,931
Charges for services	3,600	-	3,600
Intergovernmental	22,920	-	22,920
Fines and forfeitures	62,456	-	62,456
Miscellaneous	2,578	-	2,578
Interest Income	-	1,757	1,757
Total revenues	<u>141,649</u>	<u>53,787</u>	<u>195,436</u>
Expenditures:			
Current -			
Executive and administration	133,484	18,017	151,501
Public safety-Police department	90,545	-	90,545
Debt service	13,502	-	13,502
Capital outlay	-	108,300	108,300
Total expenditures	<u>237,531</u>	<u>126,317</u>	<u>363,848</u>
Deficiency of revenues over expenditures	<u>(95,882)</u>	<u>(72,530)</u>	<u>(168,412)</u>
Other financing sources:			
Proceeds from sale of fixed assets	1,000	-	1,000
Transfers in	65,810	-	65,810
Total other financing sources	<u>66,810</u>	<u>-</u>	<u>66,810</u>
Net changes in fund balances	(29,072)	(72,530)	(101,602)
Fund balances, beginning	<u>48,465</u>	<u>320,146</u>	<u>368,611</u>
Fund balances, ending	<u>\$ 19,393</u>	<u>\$ 247,616</u>	<u>\$ 267,009</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, 2020

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (101,602)
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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.	\$ 108,300	
Depreciation expense	<u>(30,818)</u>	77,482

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	11,962
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Because some revenues are not measureable at year end, they are not considered available in the governmental funds	<u>5,000</u>
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Total change in net position for the year ended June 30, 2020 per Statement of Activities	<u>\$ (7,158)</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, 2020

ASSETS

Current assets:

Cash and interest bearing deposits	\$ 493,408
Accounts receivable (net)	33,506
Prepaid insurance	4,176
Accrued interest receivable	<u>49</u>
Total current assets	<u>531,139</u>

Noncurrent assets:

Restricted cash	73,542
Capital assets, net	<u>1,798,099</u>
Total noncurrent assets	<u>1,871,641</u>

Total assets	<u>2,402,780</u>
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LIABILITIES

Current liabilities (from current assets):

Accounts payable	11,109
Accrued payroll and payroll taxes	<u>3,338</u>
Total current liabilities	14,447

Current liabilities (from restricted assets):

Customers' deposits	<u>73,542</u>
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Total liabilities	<u>87,989</u>
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NET POSITION

Net investment in capital assets	1,798,099
Unrestricted	<u>516,692</u>
Total net position	<u>\$ 2,314,791</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, 2020

Operating revenues:	
Charges for services	\$ 311,081
Total operating revenue	<u>311,081</u>
Operating expenses:	
Personal services	68,092
Executive and administrative	22,283
Legal and professional	43,241
Insurance	16,498
Supplies	35,476
Repairs and maintenance	15,511
Miscellaneous	14,308
Depreciation	<u>69,094</u>
Total operating expenses	<u>284,503</u>
Operating income	<u>26,578</u>
Non-operating revenue and expenses:	
Grant income	7,300
Interest income	2,136
Donated item-land	<u>(29,000)</u>
Total non-operating revenue and expense	<u>(19,564)</u>
Income before transfers	<u>7,014</u>
Transfers:	
Transfers out	<u>(65,810)</u>
Change in net position	(58,796)
Net position, beginning	<u>2,373,587</u>
Net position, ending	<u>\$ 2,314,791</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, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 319,480
Payments to suppliers	(140,211)
Payments to employees	<u>(69,196)</u>
Net cash provided by operating activities	<u>110,073</u>
Cash flows from noncapital financing activities:	
Operating transfers out	(65,810)
Net increase in customers' deposits	<u>5,707</u>
Net cash used by noncapital financing activities	<u>(60,103)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(34,874)
Grant income	<u>7,300</u>
Net cash used by capital and related financing activities	<u>(27,574)</u>
Cash flows from investing activities	
Interest earned	<u>45</u>
Net cash provided by investing activities	<u>45</u>
Net increase in cash and cash equivalents	22,441
Cash and cash equivalents, beginning of period	<u>298,341</u>
Cash and cash equivalents, end of period	<u>\$ 320,782</u>

VILLAGE OF CANKTON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (continued)
 For the Year Ended June 30, 2020

Cash flows from operating activities	
Operating income	\$ <u>26,578</u>
Adjustments to reconcile operating income to net cash provided by operating activities-	
Depreciation	69,094
Changes in current assets & liabilities:	
Increase in accounts receivable	8,399
Decrease in accounts payable	6,296
Increase in payroll taxes payable	(1,104)
Decrease in interfund balance	<u>810</u>
Total adjustments	<u>83,495</u>
Net cash provided by operating activities	<u>\$ 110,073</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	\$ 474,583
Cash - restricted	67,835
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(244,077)</u>
Total cash and cash equivalents	<u>298,341</u>
Cash and cash equivalents, end 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>
Net increase in cash and cash equivalents	<u>\$ 22,441</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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 recorded as prepaid items. The only prepaid item that existed at June 30, 2020 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, 2020 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.

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.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Unassigned – all other spendable amounts.

As of June 30, 2020, fund balances are composed of the following:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 6,113	\$ -	\$ 6,113
Restricted:			
Sales tax	-	247,616	247,616
Unassigned	<u>13,280</u>	<u>-</u>	<u>13,280</u>
	<u>\$ 19,393</u>	<u>\$ 247,616</u>	<u>\$ 267,009</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, 2020, the Village has cash and interest-bearing deposits (book balances) totaling \$925,416.

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

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2020 are secured as follows:

Bank balances	<u>\$ 927,023</u>
At June 30, 2020 the deposits are secured as follows:	
Federal deposit insurance	\$ 778,981
Pledged securities	<u>148,042</u>
Total	<u>\$ 927,023</u>

Deposits in the amount of \$148,042 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, 2020 is comprised of the following:

	<u>Business-Type Activities</u>
Customers' deposits	<u>\$ 73,542</u>

(4) Receivables

The following is a summary of receivables at June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 51,972	\$ 51,972
Allowance	-	(18,466)	(18,466)
Franchise taxes	4,978	-	4,978
Licenses	2,858	-	2,858
Video Poker	3,312	-	3,312
Other	<u>791</u>	<u>-</u>	<u>791</u>
Total	<u>\$ 11,939</u>	<u>\$ 33,506</u>	<u>\$ 45,445</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,500	\$ 5,000	\$ -	\$ 7,500
Other capital assets:				
Buildings and improvements	325,573	98,352	-	423,925
Equipment	105,515	4,948	(1,150)	109,313
Furniture and Fixtures	8,139	-	-	8,139
Vehicles	30,745	-	(16,580)	14,165
Vehicles - capital lease	68,320	-	-	68,320
Other structures and improvements	<u>109,400</u>	<u>-</u>	<u>-</u>	<u>109,400</u>
Total capital assets	<u>650,192</u>	<u>108,300</u>	<u>(17,730)</u>	<u>740,762</u>
Less accumulated depreciation:				
Buildings and improvements	224,513	11,376	-	235,889
Equipment	74,533	5,276	(1,150)	78,659
Furniture and Fixtures	7,563	-	-	7,563
Vehicles	35,591	502	(16,580)	19,513
Vehicles - capital lease	20,030	13,664	-	33,694
Other structures and improvements	<u>64,487</u>	<u>-</u>	<u>-</u>	<u>64,487</u>
Total accumulated depreciation	<u>426,717</u>	<u>30,818</u>	<u>(17,730)</u>	<u>439,805</u>
Governmental activities, capital assets, net	<u>\$ 223,475</u>	<u>\$ 77,482</u>	<u>\$ -</u>	<u>\$ 300,957</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 124,619	\$ -	\$ (29,000)	\$ 95,619
Construction in progress	17,439	-	-	17,439
Other capital assets:				
Waterworks plant and equipment	<u>2,757,891</u>	<u>34,874</u>	<u>-</u>	<u>2,792,765</u>
Total capital assets	<u>2,899,949</u>	<u>34,874</u>	<u>(29,000)</u>	<u>2,905,823</u>
Less accumulated depreciation:				
Waterworks plant and equipment	<u>1,038,630</u>	<u>69,094</u>	<u>-</u>	<u>1,107,724</u>
Total accumulated depreciation	<u>1,038,630</u>	<u>69,094</u>	<u>-</u>	<u>1,107,724</u>
Business-type activities, capital assets, net	<u>\$ 1,861,319</u>	<u>\$ (34,220)</u>	<u>\$ (29,000)</u>	<u>\$ 1,798,099</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 10,749
Public safety - police	17,589
Public safety - fire	<u>2,480</u>
 Total depreciation expense	 <u>\$ 30,818</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 99,344	\$ 11,109	\$ 110,453
Payroll liabilities	<u>10,165</u>	<u>3,338</u>	<u>13,503</u>
 Total	 <u>\$ 109,509</u>	 <u>\$ 14,447</u>	 <u>\$ 123,956</u>

(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, 2020. The capital leases relate to governmental activities, and the payments are made from the general fund.

	<u>Vehicle Capital Lease</u>
Long-term debt at June 30, 2019	\$ 36,595
 Debt assumed	 -
Debt retired	<u>(11,962)</u>
 Long-term debt at June 30, 2020	 <u>\$ 24,633</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2020 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. \$ 8,339

\$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. 16,294

Long-term debt \$ 24,633

The future minimum lease payments for capital leases at June 30, 2020 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 12,523	\$ 979	\$ 13,502
2022	5,770	510	6,280
2023	5,409	216	5,625
2024	<u>931</u>	<u>7</u>	<u>938</u>
Totals	<u>\$ 24,633</u>	<u>\$ 1,712</u>	<u>\$ 26,345</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.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Interfund Transactions

A. Interfund Transfers

Interfund transfers consisted of the following for the year ended June 30, 2020:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 65,810	\$ -
Enterprise Fund:		
Water Fund	<u>-</u>	<u>65,810</u>
Total	<u>\$ 65,810</u>	<u>\$ 65,810</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, 2020.

(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, 2020.

Entity head: Kevin Colligan, Mayor

Salary and allowance	<u>\$ 9,600</u>
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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, 2020:

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

(14) Donated item-land (nonmonetary transaction)

The Village of Cankton (Village) and Coulee Croche Fire District (District) entered into a cooperative endeavor agreement in March 2020 agreeing that the District is in need of land for the construction of a new fire department substation, and a new fire department substation located in the Village will allow the District to provide better, quicker, and more efficient fire services to the Village. Thus, the Village agreed to donate land to the District for the purpose of constructing a new a fire department substation. The cost of this land was \$29,000 and has been reported as Donation Expense on the Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Fund. The donation was made with the understanding that the land would be donated back to the Village if ever the District dissolves.

(15) Subsequent Event

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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 29,400	\$ 29,400	\$ 31,164	\$ 1,764
Licenses and permits	20,000	20,000	18,931	(1,069)
Charges for services	5,500	5,500	3,600	(1,900)
Intergovernmental	29,700	29,700	22,920	(6,780)
Fines and forfeitures	50,000	50,000	62,456	12,456
Miscellaneous	<u>1,510</u>	<u>1,510</u>	<u>2,578</u>	<u>1,068</u>
Total revenues	<u>136,110</u>	<u>136,110</u>	<u>141,649</u>	<u>5,539</u>
Expenditures:				
Current -				
Executive and administration	133,530	133,530	133,484	46
Public safety-Police department	78,400	78,400	90,545	(12,145)
Debt service	13,500	13,500	13,502	(2)
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>227,430</u>	<u>227,430</u>	<u>237,531</u>	<u>(10,101)</u>
Deficiency of revenues over expenditures	<u>(91,320)</u>	<u>(91,320)</u>	<u>(95,882)</u>	<u>(4,562)</u>
Other financing sources:				
Proceeds from sale of fixed assets	-	-	1,000	1,000
Transfers in	<u>91,000</u>	<u>91,000</u>	<u>65,810</u>	<u>(25,190)</u>
Total other financing sources	<u>91,000</u>	<u>91,000</u>	<u>66,810</u>	<u>(24,190)</u>
Net change in fund balance	(320)	(320)	(29,072)	(28,752)
Fund balance, beginning	<u>48,465</u>	<u>48,465</u>	<u>48,465</u>	<u>-</u>
Fund balance, ending	<u>\$ 48,145</u>	<u>\$ 48,145</u>	<u>\$ 19,393</u>	<u>\$ (28,752)</u>

VILLAGE OF CANKTON, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Sales tax collections	\$ 41,000	\$ 41,000	\$ 52,030	\$ 11,030
Interest income	500	500	1,757	1,257
Total revenues	41,500	41,500	53,787	12,287
Expenditures:				
Current:				
General government -				
Collection fee	400	400	421	(21)
Security lighting	11,000	11,000	10,790	210
Repairs and maintenance	-	-	1,353	(1,353)
Miscellaneous	-	-	5,453	(5,453)
Total general government	11,400	11,400	18,017	(6,617)
Capital outlay	-	-	108,300	(108,300)
Total expenditures	11,400	11,400	126,317	(114,917)
Net change in fund balance	30,100	30,100	(72,530)	(102,630)
Fund balance, beginning	320,146	320,146	320,146	-
Fund balance, ending	\$ 350,246	\$ 350,246	\$ 247,616	\$ (102,630)

VILLAGE OF CANKTON, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

(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, 2020, the following funds had actual expenditures over appropriations:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund	\$ 227,430	\$ 237,531	\$ (10,101)
Sales Tax Fund	11,400	126,317	(114,917)

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Taxes:				
Franchise-telephone	\$ 1,000	\$ 1,000	\$ 652	\$ (348)
Franchise-cable	3,700	3,700	4,465	765
Franchise-gas	1,000	1,000	1,022	22
Franchise-electric	<u>23,700</u>	<u>23,700</u>	<u>25,025</u>	<u>1,325</u>
Total taxes	<u>29,400</u>	<u>29,400</u>	<u>31,164</u>	<u>1,764</u>
Licenses and permits:				
Occupational licenses	10,000	10,000	12,299	2,299
Building permits	10,000	10,000	5,432	(4,568)
Culvert permits	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total licenses & permits	<u>20,000</u>	<u>20,000</u>	<u>18,931</u>	<u>(1,069)</u>
Charges for services:				
Park rental	-	-	850	850
Rental of hall	<u>5,500</u>	<u>5,500</u>	<u>2,750</u>	<u>(2,750)</u>
Total charges for services	<u>5,500</u>	<u>5,500</u>	<u>3,600</u>	<u>(1,900)</u>
Intergovernmental revenues:				
State beer tax	700	700	534	(166)
Racino income	<u>29,000</u>	<u>29,000</u>	<u>22,386</u>	<u>(6,614)</u>
Total intergovernmental revenues	<u>29,700</u>	<u>29,700</u>	<u>22,920</u>	<u>(6,780)</u>
Fines and forfeitures	<u>50,000</u>	<u>50,000</u>	<u>62,456</u>	<u>12,456</u>
Miscellaneous	<u>1,510</u>	<u>1,510</u>	<u>2,578</u>	<u>1,068</u>
Total revenues	<u>\$ 136,110</u>	<u>\$ 136,110</u>	<u>\$ 141,649</u>	<u>\$ 5,539</u>

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Executive and Administrative</u>				
Salaries	\$ 67,000	\$ 67,000	\$ 66,792	\$ 208
Payroll taxes	8,200	8,200	8,982	(782)
Insurance	12,100	12,100	11,416	684
Legal and accounting	750	750	825	(75)
Consulting fees	500	500	675	(175)
Dues	1,700	1,700	1,551	149
Office supplies	1,500	1,500	1,198	302
Hall supplies	2,200	2,200	7,838	(5,638)
Conventions and travel	3,000	3,000	875	2,125
Repairs and maintenance	9,750	9,750	10,801	(1,051)
Pest control	480	480	480	-
Telephone	3,500	3,500	3,414	86
Utilities	3,350	3,350	3,296	54
Park expense	5,500	5,500	6,923	(1,423)
U.C. Fund	150	150	-	150
Uniforms	400	400	150	250
Miscellaneous	13,450	13,450	8,268	5,182
Total executive and administrative	<u>133,530</u>	<u>133,530</u>	<u>133,484</u>	<u>46</u>
<u>Police Department</u>				
Salaries	44,300	44,300	56,061	(11,761)
Insurance	11,000	11,000	10,088	912
Uniforms	700	700	2,114	(1,414)
Court costs	6,900	6,900	8,982	(2,082)
Dues and subscriptions	300	300	210	90
Office supplies	300	300	577	(277)
Supplies	2,000	2,000	435	1,565
Gas and oil	4,700	4,700	5,318	(618)
Conventions and travel	500	500	300	200
Repairs and maintenance	4,000	4,000	3,626	374
Telephone	3,200	3,200	2,834	366
Miscellaneous	500	500	-	500
Total police department	<u>78,400</u>	<u>78,400</u>	<u>90,545</u>	<u>(12,145)</u>

(continued)

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service	<u>13,500</u>	<u>13,500</u>	<u>13,502</u>	<u>(2)</u>
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>\$ 227,430</u>	<u>\$ 227,430</u>	<u>\$ 237,531</u>	<u>\$ (10,101)</u>

VILLAGE OF CANKTON, LOUISIANA

Schedule of Insurance in Force

June 30, 2020

Insurer	Type of Coverage	Limits	Effective Date	
			From	To
Dupre-Carrier-Godcheaux Agency	Law enforcement officer's liability	\$ 500,000 \$ 1,000 deductible	07/01/2019	07/01/2020
Dupre-Carrier-Godcheaux Agency	Government crime policy bond	\$ 10,000	08/23/2019	08/23/2020
Rod Prejean & Associates (Comprehensive and collision)	2014 Ford F150 1999 Chevrolet pickup (2) 2013 Ford Explorers 2015 Chevy Tahoe 2019 Dodge F150	\$ 250 deductible	07/01/2019	07/01/2020
Rod Prejean & Associates	Contractors' equipment coverage	\$ 37,410	03/14/2020	03/14/2021
Rod Prejean & Associates	Fire station, city hall, and waterworks system	\$ 1,687,208 \$ 1,000 deductible	12/15/2019	12/15/2020
Rod Prejean & Associates	Workmen's compensation	Statutory	01/01/2020	01/01/2021
Louisiana Municipal Risk Management Agency	1999 Chevrolet pickup 2014 Ford F150 (2) 2013 Ford Explorers 2015 Chevy Tahoe 2019 Dodge F150	\$ 500,000	07/01/2019	07/01/2020
Louisiana Municipal Risk Management Agency	Commercial general liability	\$ 500,000	07/01/2019	07/01/2020
Louisiana Municipal Risk Management Agency	Errors and Omissions	\$ 500,000	07/01/2019	07/01/2020

**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, 2020, 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 November 23, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 2020-001 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 2020-002 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 one instance 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 item 2020-003.

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
November 23, 2020

VILLAGE OF CANKTON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2020

I. Prior Year Findings:

Internal Control Over Financial Reporting

2019-001 – 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 2020-001.

2019-002 – 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 the related notes.

Status: Unresolved. See item 2020-002.

Compliance

There were no findings that were required to be reported at June 30, 2020.

Management Letter Items

There were no findings that were reported at June 30, 2020.

(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, 2020

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

Internal Control Over Financial Reporting

2020-001 – 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.

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.

2020-002 – 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.

(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, 2020

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.

Compliance

2020-003 – 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 revenues and other sources plus projected revenues and other sources are failing to meet the budgeted revenues and other sources by five percent or more. The Village revenues and other sources of the General Fund failed to meet the budgeted revenue by approximately 8.2%.

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 1008%.

Effect:

These conditions represent a violation of the Louisiana Government Budget Act.

Cause:

The condition resulted because the Village did not amend budgeted transfers for the General Fund when it was determined that a large transfer was not needed. In addition, 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 the budgeted transfers as well as budgeted capital outlay as the year progresses and amend the budget, if necessary.

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, 2020

Management's Corrective Action Plan:

Mr. Kevin Colligan, Mayor, will consider future budgeted transfers between funds and ensure they are recorded as budgeted before the end of the fiscal year, and will consider expenditures paid in the next fiscal year that should be accrued for (and thus budgeted for) in the current fiscal year.

Management Letter Items

There are no findings that are reported at June 30, 2020.