

VILLAGE OF CANKTON, LOUISIANA

**Financial Report
Year Ended June 30, 2019**

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 3
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS (FFS)	
Fund descriptions - major funds	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances- governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in fund net position - proprietary fund	15
Statement of cash flows - proprietary fund	16 - 17
 NOTES TO BASIC FINANCIAL STATEMENTS	 18 - 31
 REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - budgetary comparison schedule	33
Sales Tax Special Revenue Fund - budgetary comparison schedule	34
Notes to the Required Supplementary Information	35
 OTHER SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedule - revenues	37
Budgetary comparison schedule - expenditures	38-39
Schedule of insurance in force	40

TABLE OF CONTENTS

	<u>Page</u>
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42 - 43
Schedule of prior and current year audit findings and management's corrective action plan	44 - 46

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA, CGMA*
Penny Angelle Scruggins, CPA, CGMA*

Shayne M. Breaux, CPA
Kaylee Champagne Frederick, CPA

113 East Bridge Street
PO Box 250
Breaux Bridge, LA 70517
Phone: (337) 332-4020
Fax: (337) 332-2867

*A Professional Accounting Corporation

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, 2019, 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, 2019, 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 December 4, 2019, 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 4, 2019

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF CANKTON, LOUISIANA

Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest bearing deposits	\$ 359,196	\$ 474,583	\$ 833,779
Accounts receivable (net)	10,870	41,905	52,775
Accrued interest receivable	-	49	49
Internal balances	(810)	810	-
Prepaid items	7,216	4,176	11,392
Total current assets	<u>376,472</u>	<u>521,523</u>	<u>897,995</u>
Noncurrent assets:			
Restricted cash	-	67,835	67,835
Capital assets, net	223,475	1,861,319	2,084,794
Total noncurrent assets	<u>223,475</u>	<u>1,929,154</u>	<u>2,152,629</u>
Total assets	<u>599,947</u>	<u>2,450,677</u>	<u>3,050,624</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	7,861	9,255	17,116
Capital lease payable	11,963	-	11,963
Customer deposits	-	67,835	67,835
Total current liabilities	<u>19,824</u>	<u>77,090</u>	<u>96,914</u>
Noncurrent liabilities:			
Capital lease payable	24,632	-	24,632
Total noncurrent liabilities	<u>24,632</u>	<u>-</u>	<u>24,632</u>
Total liabilities	<u>44,456</u>	<u>77,090</u>	<u>121,546</u>
NET POSITION			
Net investment in capital assets	186,880	1,861,319	2,048,199
Restricted for tax dedications	320,146	-	320,146
Unrestricted	48,465	512,268	560,733
Total net position	<u>\$ 555,491</u>	<u>\$ 2,373,587</u>	<u>\$ 2,929,078</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2019

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	\$ 142,414	\$ 5,700	\$ -	\$ -	\$ (136,714)	\$ -	\$ (136,714)
Public safety	90,183	51,113	-	-	(39,070)	-	(39,070)
Total governmental activities	<u>232,597</u>	<u>56,813</u>	<u>-</u>	<u>-</u>	<u>(175,784)</u>	<u>-</u>	<u>(175,784)</u>
Business-type activities:							
Water Fund	256,327	283,184	-	13,000	-	39,857	39,857
Total business-type activities	<u>256,327</u>	<u>283,184</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>39,857</u>	<u>39,857</u>
Total	<u>\$ 488,924</u>	<u>\$ 339,997</u>	<u>\$ -</u>	<u>13,000</u>	<u>(175,784)</u>	<u>39,857</u>	<u>(135,927)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes					46,144	-	46,144
Franchise taxes					29,236	-	29,236
Interest income					516	6,547	7,063
Intergovernmental revenue					29,759	-	29,759
Occupational licenses and other permits					39,090	-	39,090
Miscellaneous income					1,182	-	1,182
Gain on sale of assets					1,011	-	1,011
Transfers					60,000	(60,000)	-
Total general revenues and transfers					<u>206,938</u>	<u>(53,453)</u>	<u>153,485</u>
Change in net position					31,154	(13,596)	17,558
Net Position - June 30, 2018					<u>524,337</u>	<u>2,387,183</u>	<u>2,911,520</u>
Net Position - June 30, 2019					<u>\$ 555,491</u>	<u>\$2,373,587</u>	<u>\$ 2,929,078</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, 2019

	General	Sales Tax Special Revenue	Total
	<u>General</u>	<u>Revenue</u>	<u>Total</u>
ASSETS			
Cash and interest bearing deposits	\$ 38,229	\$ 320,967	\$ 359,196
Accounts receivable	10,870	-	10,870
Prepaid items	<u>7,216</u>	<u>-</u>	<u>7,216</u>
Total assets	<u>\$ 56,315</u>	<u>\$ 320,967</u>	<u>\$ 377,282</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,122	\$ 821	\$ 1,943
Payroll liabilities	5,918	-	5,918
Due to other funds	<u>810</u>	<u>-</u>	<u>810</u>
Total liabilities	<u>7,850</u>	<u>821</u>	<u>8,671</u>
Fund balances:			
Nonspendable	7,216	-	7,216
Restricted	-	320,146	320,146
Unassigned	<u>41,249</u>	<u>-</u>	<u>41,249</u>
Total fund balances	<u>48,465</u>	<u>320,146</u>	<u>368,611</u>
Total liabilities and fund balances	<u>\$ 56,315</u>	<u>\$ 320,967</u>	<u>\$ 377,282</u>

VILLAGE OF CANKTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances for governmental funds at June 30, 2019	\$ 368,611
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 \$426,717 accumulated depreciation	223,475
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>(36,595)</u>
Total net position of governmental activities at June 30, 2019	<u>\$ 555,491</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, 2019

	General	Sales Tax Special Revenue	Total
Revenues:			
Taxes	\$ 29,236	\$ 46,144	\$ 75,380
Licenses and permits	39,090	-	39,090
Charges for services	5,700	-	5,700
Intergovernmental	29,759	-	29,759
Fines and forfeitures	51,113	-	51,113
Miscellaneous	1,182	-	1,182
Interest Income	<u>-</u>	<u>516</u>	<u>516</u>
Total revenues	<u>156,080</u>	<u>46,660</u>	<u>202,740</u>
Expenditures:			
Current -			
Executive and administration	120,607	11,171	131,778
Public safety:			
Police department	70,501	-	70,501
Debt service	12,565	-	12,565
Capital outlay	<u>33,673</u>	<u>-</u>	<u>33,673</u>
Total expenditures	<u>237,346</u>	<u>11,171</u>	<u>248,517</u>
Excess/(deficiency) of revenues over expenditures	<u>(81,266)</u>	<u>35,489</u>	<u>(45,777)</u>
Other financing sources / (uses):			
Proceeds from capital lease	24,495	-	24,495
Proceeds from sale of fixed assets	4,000	-	4,000
Transfers in / (out)	<u>75,000</u>	<u>(15,000)</u>	<u>60,000</u>
Total other financing sources / (uses)	<u>103,495</u>	<u>(15,000)</u>	<u>88,495</u>
Net changes in fund balances	22,229	20,489	42,718
Fund balances, beginning	<u>26,236</u>	<u>299,657</u>	<u>325,893</u>
Fund balances, ending	<u>\$ 48,465</u>	<u>\$ 320,146</u>	<u>\$ 368,611</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, 2019

Total net changes in fund balances per Statement of Revenues,
Expenditures and Changes in Fund Balances \$ 42,718

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.	\$ 33,673	
Depreciation expense	<u>(28,476)</u>	5,197

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.

Gain on sale of assets	1,011	
Proceeds from sale of assets	<u>(4,000)</u>	(2,989)

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.

Proceeds from capital leases	(24,495)	
Principal payments on capital leases	<u>10,723</u>	<u>(13,772)</u>

Total change in net position for the year ended June 30, 2019 per Statement of Activities \$ 31,154

The accompanying notes are an integral part of this statement.

VILLAGE OF CANKTON, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2019

ASSETS

Current assets:

Cash and interest bearing deposits	\$ 474,583
Accounts receivable (net)	41,905
Prepaid insurance	4,176
Accrued interest receivable	49
Due from other funds	<u>810</u>
Total current assets	<u>521,523</u>

Noncurrent assets:

Restricted cash	67,835
Capital assets, net	<u>1,861,319</u>
Total noncurrent assets	<u>1,929,154</u>

Total assets	<u>2,450,677</u>
--------------	------------------

LIABILITIES

Current liabilities (from current assets):

Accounts payable	4,813
Payroll taxes payable	<u>4,442</u>
Total current liabilities	9,255

Current liabilities (from restricted assets):

Customers' deposits	<u>67,835</u>
---------------------	---------------

Total liabilities	<u>77,090</u>
-------------------	---------------

NET POSITION

Net investment in capital assets	1,861,319
Unrestricted	<u>512,268</u>
Total net position	<u>\$ 2,373,587</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, 2019

Operating revenues:	
Charges for services	\$ 283,184
Total operating revenue	<u>283,184</u>
Operating expenses:	
Personal services	57,422
Executive and administrative	20,775
Legal and professional	29,479
Insurance	16,294
Interest	76
Supplies	30,076
Repairs and maintenance	16,299
Miscellaneous	10,740
Depreciation	<u>75,166</u>
Total operating expenses	<u>256,327</u>
Operating income	26,857
Non-operating revenue and expenses:	
Grant income	13,000
Interest income	<u>6,547</u>
Total non-operating revenue and expense	<u>19,547</u>
Income before transfers	<u>46,404</u>
Transfers:	
Transfers out	<u>(60,000)</u>
Change in Net Position	(13,596)
Net position, beginning	<u>2,387,183</u>
Net position, ending	<u>\$ 2,373,587</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, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 276,799
Payments to suppliers	(133,288)
Payments to employees	<u>(54,138)</u>
Net cash provided by operating activities	<u>89,373</u>
Cash flows from noncapital financing activities:	
Operating transfers out	(60,000)
Net increase in customers' deposits	<u>10,865</u>
Net cash used by noncapital financing activities	<u>(49,135)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(169,926)
Grant income	<u>13,000</u>
Net cash used by capital and related financing activities	<u>(156,926)</u>
Cash flows from investing activities	
Purchase of investments-certificate of deposit	(60,000)
Interest earned	<u>3,095</u>
Net cash provided by investing activities	<u>(56,905)</u>
Net decrease in cash and cash equivalents	(173,593)
Cash and cash equivalents, beginning of period	<u>471,934</u>
Cash and cash equivalents, end of period	<u>\$ 298,341</u>

VILLAGE OF CANKTON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (continued)
 For the Year Ended June 30, 2019

Cash flows from operating activities	
Operating income	<u>\$ 26,857</u>
Adjustments to reconcile operating income to net cash provided by operating activities-	
Depreciation	75,166
Changes in current assets & liabilities:	
Increase in accounts receivable	(6,385)
Increase in prepaid insurance	(1,662)
Decrease in accounts payable	(7,887)
Increase in payroll taxes payable	3,284
Total adjustments	<u>62,516</u>
Net cash provided by operating activities	<u>\$ 89,373</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	\$ 595,589
Cash - restricted	56,970
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(180,625)</u>
Total cash and cash equivalents	<u>471,934</u>
Cash and cash equivalents, end 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>
Net decrease in cash and cash equivalents	<u>\$ (173,593)</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, 2019 recorded as prepaid items. The only prepaid item that existed at June 30, 2019 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, we will include the infrastructure for which we do have cost information 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, 2019 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, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 7,216	\$ -	\$ 7,216
Restricted:			
Sales tax	-	320,146	320,146
Unassigned	<u>41,249</u>	<u>-</u>	<u>41,249</u>
	<u>\$ 48,465</u>	<u>\$ 320,146</u>	<u>\$ 368,611</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, 2019, the Village has cash and interest-bearing deposits (book balances) totaling \$901,614.

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

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2019 are secured as follows:

Bank balances	<u>\$ 907,558</u>
---------------	-------------------

At June 30, 2019 the deposits are secured as follows:

Federal deposit insurance	\$ 689,093
---------------------------	------------

Pledged securities	<u>218,465</u>
--------------------	----------------

Total	<u>\$ 907,558</u>
-------	-------------------

Deposits in the amount of \$218,465 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, 2019 is comprised of the following:

	<u>Business-Type Activities</u>
Customers' deposits	<u>\$ 67,835</u>

(4) Receivables

The following is a summary of receivables at June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 58,238	\$ 58,238
Allowance	-	(16,333)	(16,333)
Franchise taxes	4,978	-	4,978
Licenses	109	-	109
Video Poker	4,992	-	4,992
Other	<u>791</u>	<u>-</u>	<u>791</u>
Total	<u>\$ 10,870</u>	<u>\$ 41,905</u>	<u>\$ 52,775</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Other capital assets:				
Buildings and improvements	325,573	-	-	325,573
Equipment	104,746	769	-	105,515
Furniture and Fixtures	8,139	-	-	8,139
Vehicles	34,145	-	(3,400)	30,745
Vehicles - capital lease	36,666	31,654	-	68,320
Other structures and improvements	<u>108,150</u>	<u>1,250</u>	<u>-</u>	<u>109,400</u>
Total capital assets	<u>619,919</u>	<u>33,673</u>	<u>(3,400)</u>	<u>650,192</u>
Less accumulated depreciation:				
Buildings and improvements	216,534	7,979	-	224,513
Equipment	69,300	5,233	-	74,533
Furniture and Fixtures	7,563	-	-	7,563
Vehicles	35,075	516	-	35,591
Vehicles - capital lease	8,887	11,554	(411)	20,030
Other structures and improvements	<u>61,293</u>	<u>3,194</u>	<u>-</u>	<u>64,487</u>
Total accumulated depreciation	<u>398,652</u>	<u>28,476</u>	<u>(411)</u>	<u>426,717</u>
Governmental activities, capital assets, net	<u>\$ 221,267</u>	<u>\$ 5,197</u>	<u>\$ (2,989)</u>	<u>\$ 223,475</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 124,619	\$ -	\$ -	\$ 124,619
Construction in progress	17,439	-	-	17,439
Other capital assets:				
Waterworks plant and equipment	<u>2,587,965</u>	<u>169,926</u>	<u>-</u>	<u>2,757,891</u>
Total capital assets	<u>2,730,023</u>	<u>169,926</u>	<u>-</u>	<u>2,899,949</u>
Less accumulated depreciation:				
Waterworks plant and equipment	<u>963,464</u>	<u>75,166</u>	<u>-</u>	<u>1,038,630</u>
Total accumulated depreciation	<u>963,464</u>	<u>75,166</u>	<u>-</u>	<u>1,038,630</u>
Business-type activities, capital assets, net	<u>\$ 1,766,559</u>	<u>\$ 94,760</u>	<u>\$ -</u>	<u>\$ 1,861,319</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 10,636
Public safety - police	15,360
Public safety - fire	<u>2,480</u>
 Total depreciation expense	 <u>\$ 28,476</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 1,943	\$ 4,813	\$ 6,756
Payroll liabilities	<u>5,918</u>	<u>4,442</u>	<u>10,360</u>
 Total	 <u>\$ 7,861</u>	 <u>\$ 9,255</u>	 <u>\$ 17,116</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, 2019. 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, 2018	\$ 22,823
Debt assumed	24,495
Debt retired	<u>(10,723)</u>
 Long-term debt at June 30, 2019	 <u>\$ 36,595</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2019 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.	\$ 15,724
\$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.	<u>20,871</u>
Long-term debt	<u>\$ 36,595</u>

The future minimum lease payments for capital leases at June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 11,963	\$ 1,539	\$ 13,502
2021	12,523	979	13,502
2022	5,770	510	6,280
2023	5,409	216	5,625
2024	<u>930</u>	<u>7</u>	<u>937</u>
Totals	<u>\$ 36,595</u>	<u>\$ 3,251</u>	<u>\$ 39,846</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. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2019:

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 810
Enterprise Fund:		
Water Fund	<u>810</u>	<u>-</u>
Total	<u>\$ 810</u>	<u>\$ 810</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.

B. Interfund Transfers

Interfund transfers consisted of the following for the year ended June 30, 2019:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 75,000	\$ -
Sales Tax Fund	-	15,000
Enterprise Fund:		
Water Fund	<u>-</u>	<u>60,000</u>
Total	<u>\$ 75,000</u>	<u>\$ 75,000</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, 2019.

VILLAGE OF CANKTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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, 2019.

Entity head: Kevin Colligan, Mayor

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

(13) Compensation to Board Members

The following is a schedule of payments made to the Village board members for the year ended June 30, 2019:

Camille Menard (July 1, 2018 through December 31, 2018)	\$ 1,200
Danny Uriegas	2,400
Troy Dupuis (July 1, 2018 through September 30, 2018)	600
Duke Hebert (November 1, 2018 through December 31, 2018)	400
Malcolm Bussey (January 1, 2019 through June 30, 2019)	1,200
Matthew Smith (January 1, 2019 through June 30, 2019)	<u>1,200</u>
 Total	 \$ <u>7,000</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 32,100	\$ 32,100	\$ 29,236	\$ (2,864)
Licenses and permits	19,000	19,000	39,090	20,090
Charges for services	2,850	2,850	5,700	2,850
Intergovernmental	33,700	33,700	29,759	(3,941)
Fines and forfeitures	50,000	50,000	51,113	1,113
Miscellaneous	<u>2,010</u>	<u>2,010</u>	<u>1,182</u>	<u>(828)</u>
Total revenues	<u>139,660</u>	<u>139,660</u>	<u>156,080</u>	<u>16,420</u>
Expenditures:				
Current -				
Executive and administration	137,930	137,930	120,607	17,323
Public safety:				
Police department	69,900	69,900	70,501	(601)
Debt service	7,800	7,800	12,565	(4,765)
Capital outlay	<u>1,500</u>	<u>25,300</u>	<u>33,673</u>	<u>(8,373)</u>
Total expenditures	<u>217,130</u>	<u>240,930</u>	<u>237,346</u>	<u>3,584</u>
Excess/(deficiency) of revenues over expenditures				
	<u>(77,470)</u>	<u>(101,270)</u>	<u>(81,266)</u>	<u>20,004</u>
Other financing sources:				
Proceeds from capital lease	-	24,495	24,495	-
Proceeds from sale of fixed assets	-	-	4,000	4,000
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>75,000</u>	<u>(10,000)</u>
Total other financing sources	<u>85,000</u>	<u>109,495</u>	<u>103,495</u>	<u>(6,000)</u>
Net change in fund balance				
	7,530	8,225	22,229	14,004
Fund balance, beginning	<u>26,236</u>	<u>26,236</u>	<u>26,236</u>	<u>-</u>
Fund balance, ending	<u>\$ 33,766</u>	<u>\$ 34,461</u>	<u>\$ 48,465</u>	<u>\$ 14,004</u>

VILLAGE OF CANKTON, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Sales tax collections	\$ 41,000	\$ 41,000	\$ 46,144	\$ 5,144
Interest Income	<u>300</u>	<u>300</u>	<u>516</u>	<u>216</u>
Total revenues	<u>41,300</u>	<u>41,300</u>	<u>46,660</u>	<u>5,360</u>
Expenditures:				
General government -				
Collection fee	450	450	363	87
Security lighting	11,500	11,500	10,796	704
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>12</u>	<u>988</u>
Total expenditures	<u>12,950</u>	<u>12,950</u>	<u>11,171</u>	<u>1,779</u>
Excess of revenues over expenditures	28,350	28,350	35,489	7,139
Other financing uses:				
Transfers out	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	28,350	13,350	20,489	7,139
Fund balance, beginning	<u>299,657</u>	<u>299,657</u>	<u>299,657</u>	<u>-</u>
Fund balance, ending	<u>\$ 328,007</u>	<u>\$ 313,007</u>	<u>\$ 320,146</u>	<u>\$ 7,139</u>

VILLAGE OF CANKTON, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

(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).

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Taxes:				
Franchise-telephone	\$ 1,700	\$ 1,700	\$ 782	\$ (918)
Franchise-cable	1,500	1,500	3,680	2,180
Franchise-gas	1,400	1,400	969	(431)
Franchise-electric	<u>27,500</u>	<u>27,500</u>	<u>23,805</u>	<u>(3,695)</u>
Total taxes	<u>32,100</u>	<u>32,100</u>	<u>29,236</u>	<u>(2,864)</u>
Licenses and permits:				
Occupational licenses	11,000	11,000	24,206	13,206
Building permits	8,000	8,000	14,484	6,484
Culvert permits	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
Total licenses & permits	<u>19,000</u>	<u>19,000</u>	<u>39,090</u>	<u>20,090</u>
Charges for services:				
Park rental	850	850	(275)	(1,125)
Rental of hall	<u>2,000</u>	<u>2,000</u>	<u>5,975</u>	<u>3,975</u>
Total charges for services	<u>2,850</u>	<u>2,850</u>	<u>5,700</u>	<u>2,850</u>
Intergovernmental revenues:				
State beer tax	700	700	564	(136)
Racino income	<u>33,000</u>	<u>33,000</u>	<u>29,195</u>	<u>(3,805)</u>
Total intergovernmental revenues	<u>33,700</u>	<u>33,700</u>	<u>29,759</u>	<u>(3,941)</u>
Fines and forfeitures	<u>50,000</u>	<u>50,000</u>	<u>51,113</u>	<u>1,113</u>
Miscellaneous	<u>2,010</u>	<u>2,010</u>	<u>1,182</u>	<u>(828)</u>
Total revenues	<u>\$ 139,660</u>	<u>\$ 139,660</u>	<u>\$ 156,080</u>	<u>\$ 16,420</u>

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Executive and Administrative</u>				
Salaries	\$ 65,000	\$ 65,000	\$ 54,843	\$ 10,157
Payroll taxes	4,800	4,800	6,917	(2,117)
Insurance	12,000	12,000	11,386	614
Legal and accounting	750	750	330	420
Consulting fees	500	500	-	500
Dues	1,500	1,500	1,525	(25)
Office supplies	2,000	2,000	1,709	291
Hall supplies	1,800	1,800	2,873	(1,073)
Conventions and travel	3,000	3,000	922	2,078
Repairs and maintenance	7,500	7,500	10,129	(2,629)
Pest control	480	480	480	-
Telephone	3,400	3,400	3,466	(66)
Utilities	3,700	3,700	3,291	409
Park expense	15,000	15,000	5,856	9,144
U.C. Fund	-	-	148	(148)
Uniforms	500	500	382	118
Miscellaneous	16,000	16,000	16,350	(350)
Total executive and administrative	<u>137,930</u>	<u>137,930</u>	<u>120,607</u>	<u>17,323</u>
<u>Police Department</u>				
Salaries	38,000	38,000	38,410	(410)
Payroll taxes	2,800	2,800	-	2,800
Insurance	9,000	9,000	11,450	(2,450)
Uniforms	700	700	592	108
Court costs	5,000	5,000	6,623	(1,623)
Dues and subscriptions	-	-	180	(180)
Office supplies	400	400	118	282
Supplies	2,000	2,000	1,371	629
Gas and oil	4,500	4,500	4,433	67
Conventions and travel	-	-	148	(148)
Repairs and maintenance	4,000	4,000	3,752	248
Telephone	3,000	3,000	3,386	(386)
Miscellaneous	500	500	38	462
Total police department	<u>69,900</u>	<u>69,900</u>	<u>70,501</u>	<u>(601)</u>

(continued)

VILLAGE OF CANKTON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service	7,800	7,800	12,565	(4,765)
Capital outlay	1,500	25,300	33,673	(8,373)
Total expenditures	\$ 217,130	\$ 240,930	\$ 237,346	\$ 3,584

VILLAGE OF CANKTON, LOUISIANA

Schedule of Insurance in Force
June 30, 2019

Insurer	Type of Coverage	Limits	Effective Date	
			From	To
Dupre-Carrier-Godcheaux Agency	Law enforcement officer's liability	\$ 500,000 \$ 1,000 deductible	07/01/2018	07/01/2019
Dupre-Carrier-Godcheaux Agency	Government crime policy bond	\$ 10,000	08/23/2018	08/23/2019
Rod Prejean & Associates (Comprehensive and collision)	2014 Ford F150 1999 Chevrolet pickup (2) 2013 Ford Explorers 2015 Chevy Tahoe	\$ 250 deductible	07/01/2018	07/01/2019
Rod Prejean & Associates	Contractors' equipment coverage	\$ 37,410	03/14/2019	03/14/2020
Rod Prejean & Associates	Fire station, city hall, and waterworks system	\$ 1,687,208 \$ 1,000 deductible	12/15/2018	12/15/2019
Rod Prejean & Associates	Workmen's compensation	Statutory	01/01/2019	01/01/2020
Louisiana Municipal Risk Management Agency	1999 Chevrolet pickup 2014 Ford F150 (2) 2013 Ford Explorers 2015 Chevy Tahoe	\$ 500,000	07/01/2018	07/01/2019
Louisiana Municipal Risk Management Agency	Commercial general liability	\$ 500,000	07/01/2018	07/01/2019
Louisiana Municipal Risk Management Agency	Errors and Omissions	\$ 500,000	07/01/2018	07/01/2019

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA, CGMA*
Penny Angelle Scruggins, CPA, CGMA*

Shayne M. Breaux, CPA
Kaylee Champagne Frederick, CPA

113 East Bridge Street
PO Box 250
Breux Bridge, LA 70517
Phone: (337) 332-4020
Fax: (337) 332-2867

*A Professional Accounting Corporation

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, 2019, 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 4, 2019.

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 2019-001 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 2019-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 4, 2019

VILLAGE OF CANKTON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2019

I. Prior Year Findings:

Internal Control Over Financial Reporting

2018-001 – 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 2019-001.

2018-002 – 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 2019-002.

Compliance

There were no findings that were required to be reported at June 30, 2019.

Management Letter Items

There were no findings that were reported at June 30, 2019.

(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, 2019

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

Internal Control Over Financial Reporting

2019-001 – 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.

2019-002 -- 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, 2019

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

There are no findings that are required to be reported at June 30, 2019.

Management Letter Items

There are no findings that are reported at June 30, 2019.

VILLAGE OF CANKTON, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2019

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA*
Penny Angelle Scruggins, CPA*

Shayne M. Breaux, CPA
Kaylee Champagne Frederick, CPA

113 East Bridge Street
PO Box 250
Breux Bridge, LA 70517
Phone: (337) 332-4020
Fax: (337) 332-2867

*A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Village of Cankton and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of Village of Cankton and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Management of Village of Cankton is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

Written Policies and Procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions noted in a prior year (Year 1). However, since the disaster recovery policy is new in Year 3, this policy was tested. See k) below.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Obtained and reviewed minutes of the board/finance committee for the fiscal period noting that the minutes do not include monthly budget-to-actual comparisons for the major funds.

- b) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Obtained bank statements and reconciliations for November 2018, noting no evidence of management/board member review.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Two bank reconciliations tested did not have documentation reflecting research of reconciling items outstanding for more than 12 months of the statement closing date.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location and observe that job duties are properly segregated at each collection location such that: :

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

The employee responsible for collecting cash is responsible for preparing/making bank deposits and another employee/official is not responsible for reconciling collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger and another employee/official is not responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash and another employee does not verify the reconciliations.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Of 8 deposits selected, two deposits were not deposited within 1 business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Listing of locations and management's representation that the listing is complete was obtained.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files and another employee is not responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for processing payments is also responsible for signing checks and mailing the payment.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Listing of active credit cards, bank debit cards, fuel cards, and P-cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were not approved in writing by someone other than the card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Of the ten transactions noted, one transaction was not supported by an original detailed/itemized receipt.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Travel and Travel-Related Expense Reimbursement procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions noted in a prior year (Year 1).

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for processional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing or general ledger is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Contract procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions noted in a prior year (Year 1).

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and;
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/official's personnel files.

No exceptions noted.

19. Obtain management's representation that employer and employee portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Of the five employees/officials tested, two employees/officials did not have documentation demonstrating that they read the entity's ethics policy during the fiscal period.

Debt Service

Debt Service procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions noted in a prior year (Year 1).

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond / note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
December 4, 2019

VILLAGE OF CANKTON, LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Management Response to Item:

- 2b Management will begin to reference budget to actual comparisons on the general fund and major special revenue funds.
- 3b, 3c Mayor will begin including evidence of review of bank reconciliations. Management will begin to document research of reconciling items.
- 5b, 5c, 5d Due to the limited number of staff, it will be difficult to achieve segregation of duties within the collections function to have the person responsible for collecting cash to not be responsible for making the bank deposit, posting collection entries to the general ledger and subsidiary ledgers, and reconcile the collections to the bank statement.
- 7d Management will make an effort to have all collections deposited within one day of collection.
- 9a, 9c, 9d Due to the limited number of staff, it will be difficult to achieve segregation of duties within the disbursement function to have two employees involved in making a purchase request for all transactions (currently, all transactions > \$500 require two employees), to have the employee responsible for processing payments being prohibited from adding / modifying vendor files, or the employee responsible for signing checks / a person not responsible for processing payments to make the checks.
- 12a Management will begin reviewing and approving the payment of credit card statements (and include evidence of such).
- 13a Management will make an effort to have an original itemized receipt for every credit card transaction.
- 20b Management will make an effort to collect evidence of employees documentation that they have read the entity's ethics policy.