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VILLAGE OF FENTON, LOUISIANA
ANNUAL FINANCIAL REPORT AND ACCOUNTANTS' REPORT
PERIOD ENDED JUNE 30, 2007

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

Release Date 1/30/08

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VILLAGE OF FENTON, LA.

Management's Discussion and Analysis

Within this section of the Village of Fenton, LA's (Village) annual financial report, the Village's management is pleased to provide this narrative discussion and analysis of the financial activities of the Village for the period from June 1, 2006 through June 30, 2007. *The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.*

FINANCIAL HIGHLIGHTS

- The Village's assets exceeded its liabilities by \$1,511,195 (net assets) for the fiscal year reported.
- Total revenues of \$496,706 exceeded total expenditures of \$314,130, which resulted in a current year surplus of \$182,576, compared to prior year surplus of \$37,524.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$1,420,799 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$90,396 represent the portion available to maintain the Village's continuing obligations to citizens and creditors.
- The Village's governmental funds reported total ending fund balance of \$80,874 this year. This compares to the prior year ending fund balance of \$68,562, reflecting an increase of \$12,312 during the current year, compared to an increase of \$33,512 in the prior year.
- At the end of the current fiscal year, unreserved fund balance (deficit) for the General Fund was (\$4,001).
- Overall, the Village continues to struggle financially although an improvement has been made during the current and prior fiscal years. The Village is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Village's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Village also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Village's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by sales tax and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and public safety. Business-type activities include the electric, water and sewer systems.

The government-wide financial statements are presented on pages 15 through 16 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Village has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

The basic governmental fund financial statements are presented on pages 19 through 22 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Village charges customers a fee. The one Village proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village organization for water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 23 through 25 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Village's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund and the major special revenue fund. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget. Required supplemental information can be found on pages 37 through 38 of this report.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Village as a whole. The Village's net assets at fiscal year-end are \$1,511,195. The following table provides a summary of the Village's net assets:

	Governmental Activities		Business-type Activities		Total		Percentage Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Assets:								
Current assets and other assets	\$ 137,527	\$ 131,212	\$ 13,627	\$ 16,512	\$ 151,154	\$ 147,724	9%	11%
Capital assets	<u>452,448</u>	<u>257,674</u>	<u>1,027,236</u>	<u>1,057,376</u>	<u>1,479,684</u>	<u>1,315,050</u>	<u>91</u>	<u>89</u>
Total assets	<u>589,975</u>	<u>388,886</u>	<u>1,040,863</u>	<u>1,073,888</u>	<u>1,630,838</u>	<u>1,462,774</u>	<u>100%</u>	<u>100%</u>
Liabilities:								
Current liabilities	56,653	63,510	4,105	9,186	60,758	72,696	51%	54%
Long-term liabilities	<u>46,385</u>	<u>46,459</u>	<u>12,500</u>	<u>15,000</u>	<u>58,885</u>	<u>61,459</u>	<u>49</u>	<u>46</u>
Total liabilities	<u>103,038</u>	<u>109,969</u>	<u>16,605</u>	<u>24,186</u>	<u>119,643</u>	<u>134,155</u>	<u>100%</u>	<u>100%</u>
Net assets:								
Investment in capital assets, net of debt	406,063	210,355	1,014,736	1,037,376	1,420,799	1,247,731	94%	94%
Unrestricted	<u>80,874</u>	<u>68,562</u>	<u>9,522</u>	<u>12,326</u>	<u>90,396</u>	<u>80,888</u>	<u>6</u>	<u>6</u>
Total net assets	<u>\$ 486,937</u>	<u>\$ 278,917</u>	<u>\$ 1,024,258</u>	<u>\$ 1,049,702</u>	<u>\$ 1,511,195</u>	<u>\$ 1,328,619</u>	<u>100%</u>	<u>100%</u>

The Village maintains a reasonable current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.43 to 1 and 2.07 to 1 for 2007 and 2006, respectively, and for business type activities is 3.32 to 1 and 1.80 to 1 for 2007 and 2006, respectively. For the Village overall, the current ratio is 2.49 to 1 and 2.03 to 1 for 2007 and 2006, respectively.

Note that approximately 83% (75% for 2006) of the governmental activities' net assets are tied up in capital. The Village uses these capital assets to provide services to its citizens. However, with business type activities, the Village has spent approximately 99% (99% for 2006) of its net assets on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. Overall, 94% (94% for 2006) of the Village's total net assets are included in capital assets.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Village's changes in net assets:

	Governmental Activities		Business-Type Activities		Total		Percentage Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenues:								
Program:								
Charges for services								
/fines	\$ 120,252	\$ 45,051	\$ 88,439	\$ 73,400	\$ 208,691	\$ 118,451	43%	37%
Operating grants	205,676	114,051	-	-	205,676	114,051	40	35
General:								
Sales taxes	28,551	32,932	-	-	28,551	32,932	6	10
Other taxes	45,014	38,339	-	-	45,014	38,339	9	12
Interest	569	6	-	-	569	6	-	-
Other	8,205	19,215	-	-	8,205	19,215	2	6
Total Revenues	<u>408,267</u>	<u>249,594</u>	<u>88,439</u>	<u>73,400</u>	<u>496,706</u>	<u>322,994</u>	<u>100%</u>	<u>100%</u>
Program expenses:								
General government	150,025	176,508	-	-	150,025	176,508	46%	62%
Public safety:								
Police	38,826	21,314	-	-	38,826	21,314	13	7
Interest	2,160	2,435	-	-	2,160	2,435	1	1
Water and sewer	-	-	123,119	85,213	123,119	85,213	40	30
Total Expenses	<u>191,011</u>	<u>200,257</u>	<u>123,119</u>	<u>85,213</u>	<u>314,130</u>	<u>285,470</u>	<u>100%</u>	<u>100%</u>
Excess (deficiency)	217,256	49,337	(34,680)	(11,813)	182,576	37,524		
Transfers	<u>(9,236)</u>	<u>15,785</u>	<u>9,236</u>	<u>(15,785)</u>	-	-		
Change in net assets	208,020	65,122	(25,444)	(27,598)	182,576	37,524		
Beginning net assets	<u>278,917</u>	<u>213,795</u>	<u>1,049,702</u>	<u>1,077,300</u>	<u>1,328,619</u>	<u>1,291,095</u>		
Ending net assets	<u>\$ 486,937</u>	<u>\$ 278,917</u>	<u>\$ 1,024,258</u>	<u>\$ 1,049,702</u>	<u>\$ 1,511,195</u>	<u>\$ 1,328,619</u>		

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The Village is heavily reliant on fines and grants to support governmental operations. These provided 79% (64% for 2006) of the Village's total revenues. Also note that program revenues, excluding grants, cover only 30% (22% for 2006) of governmental operating expenses. This means that the government's taxpayers and the Village's other general revenues fund 70% (78% for 2006) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Village's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

This table presents the cost of each of the Village's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Village's taxpayers by each of these functions.

Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General government	\$ 150,025	\$ 176,508	\$ 52,608	\$ (62,457)
Public safety:				
Police	38,826	21,314	84,469	23,737
Interest on long-term debt	<u>2,160</u>	<u>2,435</u>	<u>(2,160)</u>	<u>(2,435)</u>
Total	<u>\$ 191,011</u>	<u>\$ 200,257</u>	<u>\$ 134,917</u>	<u>\$ (41,155)</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility fund were 17% more than 2006 and operating expenses 44% more than 2006. Within the total business type activities of the Village, these activities reported a \$25,444 operating loss compared to an operating loss of \$27,598 for the prior year.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$80,874 (\$68,562 for 2006), all of which is unreserved indicating availability for continuing Village service requirements.

The total ending fund balances of governmental funds show an increase of \$12,312, compared to an increase of \$33,512 for the prior year.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$29,990. In fiscal year 2006, the fund balance increased by \$15,398.

The revenues show an increase of \$79,959 or 75% over the prior year. The expenditures side shows an increase of \$31,234 or 27% over the prior year.

The General Fund's ending deficit fund balance will be eliminated through future operating income.

The Sales Tax Fund continues to fund street repairs and capital outlay. For the current year sales tax revenues decreased 5%.

THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status. Operating revenues increased by \$15,039 or 20% and operating expense increased by \$38,103 or 45%.

BUDGETARY HIGHLIGHTS

The General Fund - both the revenue and the expenditure side of the budget for the General Fund was revised by \$5,400 and \$21,333, respectively this year from the prior year's budget.

The actual revenues exceeded the final budget by \$103,657, mainly due to fines, and the actual expenditures exceeded the final budget by \$10,851, mainly due to capital outlay.

The Sales Tax Fund - The actual sales taxes revenues exceeded the final budget by \$50,432.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2007, was \$452,448 and \$1,057,376 respectively. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Non-depreciable asset:						
Land	\$ 1,900	\$ 1,900	\$ 14,790	\$ 14,790	\$ 16,690	\$ 16,690
Construction in progress	2,721	26,844	-	-	2,721	26,844
Depreciable assets:						
Buildings	477,206	260,409	1,399,552	1,399,552	1,876,758	1,659,961
Furniture & equipment	89,319	74,587	249	249	89,568	74,836
Transportation equipment	<u>28,926</u>	<u>28,926</u>	<u>-</u>	<u>-</u>	<u>28,926</u>	<u>28,926</u>
Total depreciable assets	595,451	363,922	1,399,801	1,399,801	1,995,252	1,763,723
Less accumulated depreciation	<u>147,624</u>	<u>134,992</u>	<u>387,355</u>	<u>357,215</u>	<u>534,979</u>	<u>492,207</u>
Book value-depreciable assets	<u>\$ 447,827</u>	<u>\$ 228,930</u>	<u>\$ 1,012,446</u>	<u>\$ 1,042,586</u>	<u>\$ 1,460,273</u>	<u>\$ 1,271,516</u>
Percentage depreciated	25%	37%	28%	26%	27%	28%
Book value-all assets	<u>\$ 452,448</u>	<u>\$ 257,674</u>	<u>\$ 1,027,236</u>	<u>\$ 1,057,376</u>	<u>\$ 1,479,684</u>	<u>\$ 1,315,050</u>

At June 30, 2007, the depreciable capital assets for governmental activities were 25% depreciated, compared to 37% at May 31, 2006.

With the Village's business type activities, 28% of the asset values were depreciated at June 30, 2007 compared to 26% at May 31, 2006.

The major additions for the year were water tank renovations (\$29,015) and utility line relocation project (\$150,711).

Long-term debt

At the end of the fiscal year, the Village had total bonded debt outstanding of \$58,885. All of this amount is backed by the full faith and credit of the Village (general obligation bonds) and utility revenues (revenue bonds).

During the year, the Village retired \$8,434 of the outstanding debt balance. See Note C for additional information regarding long-term debt.

VILLAGE OF FENTON, LA.

Management's Discussion and Analysis (Continued)

ECONOMIC CONDITIONS AFFECTING THE VILLAGE

Since the primary revenue stream for the Village is utility charges and fines, the Village's utility charges and fine revenues are subject to changes in the economy.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's Mayor, Janet Manuel, P. O. Box 310, Fenton, LA. 70640.



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October 26, 2007
December 21, 2007 – Revised

To the Honorable Janet Manuel, Mayor and the Village Council
Village of Fenton, Louisiana

We have reviewed the accompanying basic financial statements of the Village of Fenton, Louisiana, as of June 30, 2007, and for the period from June 1, 2006 through June 30, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Village of Fenton, LA.

A review consists principally of inquiries of Village personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with the Louisiana Government Audit Guide and the provisions of state law, we have issued a report, dated October 26, 2007, on the results of our agreed-upon procedures.

As discussed in Note H to the financial statements, certain errors resulting in an understatement of previously reported grant revenue and expenses as of June 30, 2007, were discovered by management subsequent to the issuance of our report on those financial statements dated October 26, 2007. Accordingly, the accompany 2007 financial statements have been restated to correct the error.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

VILLAGE OF FENTON, LA.
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 88,497	\$ 6,430	\$ 94,927
Receivables	49,030	7,197	56,227
Capital assets:			
Land	1,900	14,790	16,690
Capital assets, net	<u>450,548</u>	<u>1,012,446</u>	<u>1,462,994</u>
Total assets	<u>589,975</u>	<u>1,040,863</u>	<u>1,630,838</u>
LIABILITIES			
Accounts and other accrued payables	56,653	3,130	59,783
Customer deposits	-	600	600
Interest payable	-	375	375
Long-term liabilities:			
Due within one year	824	2,500	3,324
Due after one year	<u>45,561</u>	<u>10,000</u>	<u>55,561</u>
Total liabilities	<u>103,038</u>	<u>16,605</u>	<u>119,643</u>
NET ASSETS			
Invested in capital assets, net of related debt	406,063	1,014,736	1,420,799
Unrestricted	<u>80,874</u>	<u>9,522</u>	<u>90,396</u>
Total net assets	<u>\$ 486,937</u>	<u>\$ 1,024,258</u>	<u>\$ 1,511,195</u>

The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA
STATEMENT OF ACTIVITIES
Period Ended June 30, 2007

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
General and administrative	\$ 150,025	\$ -	\$ 202,633	\$ 52,608	\$ -	\$ 52,608
Police	38,826	120,252	3,043	84,469	-	84,469
Interest on long-term debt	2,160	-	-	(2,160)	-	(2,160)
Total Governmental Activities	191,011	120,252	205,676	134,917	-	134,917
Business-type activities:						
Water and sewer	123,119	88,439	-	-	(34,680)	(34,680)
Total primary government	\$ 314,130	\$ 208,691	\$ 205,676	134,917	(34,680)	100,237
General revenues:						
Taxes -						
Property taxes, levied for general purposes				11,558	-	11,558
Sales and use taxes, levied for general purposes				28,551	-	28,551
Franchise taxes				23,685	-	23,685
Licenses and permits				9,771	-	9,771
Interest				569	-	569
Miscellaneous				8,205	-	8,205
Transfers				(9,236)	9,236	-
Total general revenues				73,103	9,236	82,339
Change in net assets				208,020	(25,444)	182,576
Net asset - Beginning				278,917	1,049,702	1,328,619
Net assets - Ending				\$ 486,937	\$ 1,024,258	\$ 1,511,195

The accompanying notes and accountants' report are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTIONS

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.

Special Revenue Fund

The special revenue fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The fund accounts for the receipt and use of proceeds of the Village's 2 % sales and use tax.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund

To account for the provision of water and sewerage services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF FENTON, LA.
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>6/30/2006 Total</u>	<u>5/31/2007 Total</u>
ASSETS						
Cash	\$ 35,207	\$ 53,215	\$ 75	\$ -	\$ 88,497	\$ 69,662
Receivables:						
Accounts	-	3,090	-	-	3,090	2,701
Intergovernmental	7,633	-	8,819	-	16,452	-
Due from other funds	-	20,117	1,008	8,363	29,488	58,849
TOTAL ASSETS	<u>\$ 42,840</u>	<u>\$ 76,422</u>	<u>\$ 9,902</u>	<u>\$ 8,363</u>	<u>\$ 137,527</u>	<u>\$ 131,212</u>
LIABILITIES						
Accounts payable	\$ 18,361	\$ -	\$ 8,804	\$ -	\$ 27,165	\$ 3,801
Due to other funds	<u>28,480</u>	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>29,488</u>	<u>58,849</u>
TOTAL LIABILITIES	<u>46,841</u>	<u>1,008</u>	<u>8,804</u>	<u>-</u>	<u>56,653</u>	<u>62,650</u>
FUND BALANCES						
Unreserved, undesignated	<u>(4,001)</u>	<u>75,414</u>	<u>1,098</u>	<u>8,363</u>	<u>80,874</u>	<u>68,562</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 42,840</u>	<u>\$ 76,422</u>	<u>\$ 9,902</u>	<u>\$ 8,363</u>	<u>\$ 137,527</u>	<u>\$ 131,212</u>

The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA.
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total fund balance for governmental fund at June 30, 2007: \$ 80,874

Total net assets reported for governmental activities in the statement of
net assets 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:

Land	\$ 1,900	
Capital assets, net of \$147,624 accumulated depreciation	<u>450,548</u>	452,448

Long-term liabilities at June 30, 2007:

Bonds payable	<u>(46,385)</u>
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Total net assets of governmental activities at June 30, 2007 \$ 486,937

The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA.
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Period Ended June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>6/30/2007 Total</u>	<u>5/31/2006 Total</u>
REVENUES						
Taxes	\$ 35,243	\$ 28,551	\$ -	\$ -	\$ 63,794	\$ 62,814
Licenses and permits	9,771	-	-	-	9,771	8,646
Intergovernmental	13,724	41,241	150,711	-	205,676	114,051
Fines	120,252	-	-	-	120,252	45,051
Interest	8	494	-	67	569	6
Miscellaneous	<u>8,059</u>	<u>146</u>	<u>-</u>	<u>-</u>	<u>8,205</u>	<u>19,026</u>
TOTAL REVENUES	<u>187,057</u>	<u>70,432</u>	<u>150,711</u>	<u>67</u>	<u>408,267</u>	<u>249,594</u>
EXPENDITURES						
Current						
General and administrative	96,439	-	-	-	96,439	115,342
Police	37,306	-	-	-	37,306	19,746
Capital outlay	14,822	84,347	150,711	-	249,880	89,163
Debt service						
Principal	-	934	-	-	934	5,181
Interest	-	<u>2,160</u>	-	-	<u>2,160</u>	<u>2,435</u>
TOTAL EXPENDITURES	<u>148,567</u>	<u>87,441</u>	<u>150,711</u>	<u>-</u>	<u>386,719</u>	<u>231,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38,490	(17,009)	-	67	21,548	17,727
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	41,427
Operating transfers out	<u>(8,500)</u>	<u>-</u>	<u>-</u>	<u>(736)</u>	<u>(9,236)</u>	<u>(25,642)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,500)</u>	<u>-</u>	<u>-</u>	<u>(736)</u>	<u>(9,236)</u>	<u>15,785</u>
NET CHANGES IN FUND BALANCES	29,990	(17,009)	-	(669)	12,312	33,512
FUND BALANCES, BEGINNING	<u>(33,991)</u>	<u>92,423</u>	<u>1,098</u>	<u>9,032</u>	<u>68,562</u>	<u>35,050</u>
FUND BALANCES, ENDING	<u>\$ (4,001)</u>	<u>\$ 75,414</u>	<u>\$ 1,098</u>	<u>\$ 8,363</u>	<u>\$ 80,874</u>	<u>\$ 68,562</u>

The accompanying notes and accountants' are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA.
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Period Ended June 30, 2007

Total net changes in fund balances at June 30, 2007 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 12,312
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The change in net assets 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 expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 207,406	
Depreciation expense for the period ended June 30, 2007	<u>(12,632)</u>	194,774

Governmental funds report bonded debt repayments as expenditures.
However, this expenditure does not appear in the statement of activities
since the payment is applied against the bond payable on the statement
of net assets

934

Total changes in net assets at June 30, 2007 per Statement of Activities	<u>\$ 208,020</u>
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The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA.
STATEMENT OF NET ASSETS – PROPRIETARY FUND
June 30, 2007

ASSETS	<u>2007</u>	<u>2006</u>
Current assets		
Cash and cash equivalents	\$ 6,430	\$ 10,991
Receivables, accounts	<u>7,197</u>	<u>5,521</u>
Total current assets	13,627	16,512
Fixed assets, net of accumulated depreciation	<u>1,027,236</u>	<u>1,057,376</u>
Total assets	<u>\$ 1,040,863</u>	<u>\$ 1,073,888</u>
 LIABILITIES		
Current liabilities		
Accounts payable	\$ 3,130	\$ 2,419
Accrued interest	375	417
Customer deposits	600	1,350
Current portion of revenue bonds	<u>2,500</u>	<u>5,000</u>
Total current liabilities	6,605	9,186
Long-term debt; net of current portion	10,000	15,000
 NET ASSETS		
Invested in capital assets, net of related debt	1,014,736	1,037,376
Unrestricted	<u>9,522</u>	<u>12,326</u>
Total net assets	<u>1,024,258</u>	<u>1,049,702</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,040,863</u>	<u>\$ 1,073,888</u>

The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA.
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS – PROPRIETARY FUND
Period Ended June 30, 2007

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Water sales	\$ 64,026	\$ 55,031
Sewer service charges	19,624	17,360
Miscellaneous	<u>4,789</u>	<u>1,009</u>
Total Operating Revenues	88,439	73,400
OPERATING EXPENSES		
Insurance	1,569	1,644
Miscellaneous	1,193	-
Personal services	43,129	24,169
Payroll taxes	3,299	1,849
Postage	537	330
Professional fees	2,581	4,267
Repairs and maintenance	8,818	5,780
Supplies	18,131	13,156
Telephone	1,899	972
Utilities	10,865	4,068
Depreciation	<u>30,140</u>	<u>27,823</u>
Total Operating Expenses	122,161	84,058
OPERATING INCOME (LOSS)	(33,722)	(10,658)
NON-OPERATING REVENUES (EXPENSES)		
Interest expense	<u>(958)</u>	<u>(1,155)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(34,680)	(11,813)
Operating transfers in	9,236	6,000
Operating transfers out	<u>-</u>	<u>(21,785)</u>
CHANGE IN NET ASSETS	(25,444)	(27,598)
NET ASSETS, BEGINNING	<u>1,049,702</u>	<u>1,077,300</u>
NET ASSETS, ENDING	<u>\$ 1,024,258</u>	<u>\$ 1,049,702</u>

The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA.
STATEMENT OF CASH FLOWS –
PROPRIETARY FUND
Period Ended June 30, 2007

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 86,763	\$ 80,492
Payments to suppliers	48,973	(30,223)
Payments to employees	<u>43,129</u>	<u>(24,169)</u>
Net cash flows from operating activities	<u>(5,339)</u>	<u>26,100</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating transfers in	9,236	6,000
Operating transfers out	<u>-</u>	<u>(21,785)</u>
Net cash flows from non-capital financing activities	<u>9,236</u>	<u>(15,785)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Interest payment on revenue bonds	(958)	(1,238)
Principal payment on revenue bonds	<u>(7,500)</u>	<u>(4,000)</u>
Net cash flows from capital financing activities	<u>(8,458)</u>	<u>(5,238)</u>
NET INCREASE (DECREASE) IN CASH	(4,561)	5,077
CASH – BEGINNING	<u>10,991</u>	<u>5,914</u>
CASH – ENDING	<u>\$ 6,430</u>	<u>\$ 10,991</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ (33,722)	\$ (10,658)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	30,140	27,823
(Increase) decrease in receivables	(1,676)	8,097
Increase (decrease) in accounts payable and accrued expenses	<u>(81)</u>	<u>838</u>
Net cash from operating activities	<u>\$ (5,339)</u>	<u>\$ 26,100</u>

The accompanying notes and accountants' report are an integral part of the basic financial statements.

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village of Fenton, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, there are no component units included in the Village's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the Village of Fenton, LA, have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

During the current year, the Village changed its fiscal year end from May 31 to June 30. Therefore, the financial statements present data as of June 30, 2007 and for the period from June 1, 2006 through June 30, 2007, thirteen months.

Continued

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Village 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.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Village's governmental activities and business-type 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 and charges paid by the recipients of services offered by the Village, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the Village or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, 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 Village reports the following major funds:

The General Fund is the primary operating fund of the Village. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. This fund accounts for the receipt and use of proceeds of the Village's 2% sales and use tax.

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by the Enterprise Fund.

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund accounts for water and sewer services.

Continued

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. 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 assets 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.
- 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 assets (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 assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary fund.

Continued

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Village Alderman. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Village Alderman holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The budget was amended once during 2007.

5. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2007, the Village has \$103,956 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

6. Statement of Cash Flows

For the purpose of the Statement of Cash Flows, for the enterprise fund, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

7. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

Continued

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Accounts Receivable

Accounts receivable include all amounts due from the customers of the Village's water and sewer systems. The Village provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. This amount is \$2,860 as of June 30, 2007.

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water and sewer user fees in the Enterprise Fund. The Village's ability to collect the amounts due from the users of the Village water and sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

9. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. 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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Property and plant	20-40 years
Equipment	7 years
Transportation equipment	7 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.

Continued

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Long - Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

12. Equity Classification

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

- a. Invested in capital assets, net of related debt – 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 that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints 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 assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

13. Sales Taxes

Proceeds of a 2 % sales and use tax levied by the Village of Fenton, LA. are dedicated for the maintenance and overlay of streets and capital outlay.

Continued

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Village primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Village.

NOTE B - PROPERTY TAXES

Taxes were levied on property as follows:

	<u>Millage</u>	<u>Assessed Valuations</u>
General corporate purposes	7.39	\$ 881,500

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE C - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the Village of Fenton, LA:

	General Obligation	Revenue	Total
Bonds payable at May 31, 2006	\$ 47,319	\$ 20,000	\$ 67,319
Bonds retired	(934)	(7,500)	(8,434)
Bonds payable at June 30, 2007	<u>\$ 46,385</u>	<u>\$ 12,500</u>	<u>\$ 58,885</u>

The annual requirements to amortize all debt outstanding, including interest:

Year ending <u>June 30,</u>	General Obligation	Revenue	Total
2008	\$ 2,855	\$ 5,750	\$ 8,605
2009	2,855	5,500	8,355
2010	2,855	2,750	5,605
2011	2,855	-	2,855
2012	2,855	-	2,855
2013-2017	14,273	-	14,273
2018-2022	14,273	-	14,273
2023-2027	14,273	-	14,273
2028-2032	14,273	-	14,273
2033-2034	4,498	-	4,498

Bonds payable are comprised of the following issues:

General obligation bonds:

\$47,500 2004 Public Revenue Bonds due in monthly installments of \$238, including interest at 4.25% through December 15, 2034, serviced by excess revenues of the Village.

\$ 46,385

Revenue bonds:

\$88,000, 1971 Water Revenue bonds due in varying annual installments through January 1, 2010: interest at 5 percent

\$ 12,500

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2007 follows:

	<u>5/31/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2007</u>
Governmental activities:				
Land	\$ 1,900	\$ -	\$ -	\$ 1,900
Buildings	260,409	216,797	-	477,206
Furniture and Equipment	74,587	14,732	-	89,319
Transportation Equipment	28,926	-	-	28,926
Construction in progress	<u>26,844</u>	<u>151,774</u>	<u>175,897</u>	<u>2,721</u>
Totals at historical cost	392,666	383,303	175,897	600,072
Less accumulated depreciation for:				
Buildings	45,362	6,900	-	52,262
Furniture and Equipment	62,768	4,807	-	67,575
Transportation Equipment	<u>26,862</u>	<u>925</u>	<u>-</u>	<u>27,787</u>
Total accumulated depreciation	<u>134,992</u>	<u>12,632</u>	<u>-</u>	<u>147,624</u>
Governmental activities capital assets, Net	<u>\$ 257,674</u>	<u>\$ 370,671</u>	<u>\$ (175,897)</u>	<u>\$ 452,448</u>
Business Type Activities:				
Land	\$ 14,790	\$ -	\$ -	\$ 14,790
Buildings and plant	1,399,552	-	-	1,399,552
Furniture and equipment	<u>249</u>	<u>-</u>	<u>-</u>	<u>249</u>
Totals at historical cost	1,414,591	-	-	1,414,591
Less accumulated depreciation for:				
Buildings and plant	356,966	30,140	-	387,106
Furniture and equipment	<u>249</u>	<u>-</u>	<u>-</u>	<u>249</u>
Total accumulated depreciation	<u>357,215</u>	<u>30,140</u>	<u>-</u>	<u>387,355</u>
Business-type activities capital assets, net	<u>\$ 1,057,376</u>	<u>\$ (30,140)</u>	<u>\$ -</u>	<u>\$ 1,027,236</u>
Depreciation expense was charged to governmental activities as follows:				
General and administrative				\$ 11,112
Police				<u>1,520</u>
Total				<u>\$ 12,632</u>

The construction in progress consists of the following projects:

	<u>Total Budgeted</u>	<u>Construction In Progress</u>
Sidewalk Project	\$ 130,000	\$ 2,721

VILLAGE OF FENTON, LA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE E – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – FUND BALANCE DEFICIT

The fund balance of the general fund has a deficit of \$4,001 at June 30, 2007. The Village intends to eliminate the deficits through future operating income.

NOTE G – PER DIEM

The following is a list of per diem paid.

E. Alfred, Councilman	\$ 1,950
E. Alfred, Jr. Councilman	1,200
M. Reed, Councilman	1,750
W. Lemelle, Councilman	1,950
J. Manuel, Mayor	3,900
	<u>\$ 9,750</u>

NOTE H – REVISED FINANCIALS

Certain errors resulting in an understatement of previously reported grant revenues and expenses of \$11,655 as of June 30, 2007, were discovered by management subsequent to the issuance of our report on those financial statement dated October 26, 2007. Accordingly, the accompanying 2007 financial statements have been restated to correct the error.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF FENTON, LA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
AND SPECIAL REVENUE FUND
Period Ended June 30, 2007

	General Fund			Variance
	Budget		Actual	Favorable
	Original	Final		(Unfavorable)
Revenues:				
Taxes	\$ 26,200	\$ 26,200	\$ 35,243	\$ 9,043
Licenses and permits	5,000	5,000	9,771	4,771
Intergovernmental	7,900	7,900	13,724	5,824
Fines	40,000	40,000	120,252	80,252
Miscellaneous	4,300	4,300	8,059	3,759
Interest	-	-	8	8
Total revenues	<u>83,400</u>	<u>83,400</u>	<u>187,057</u>	<u>103,657</u>
Expenditures:				
Current:				
General government	60,521	98,509	96,439	2,070
Public safety	16,002	36,724	37,306	(582)
Capital outlay	5,400	2,483	14,822	(12,339)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>81,923</u>	<u>137,716</u>	<u>148,567</u>	<u>(10,851)</u>
Excess (deficiency) of revenues over Expenditures	1,477	(54,316)	38,490	92,806
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	(7,500)	(8,500)	(1,000)
Total other financing sources (uses):	-	(7,500)	(8,500)	(1,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,477	(61,816)	29,990	91,806
Fund balance at beginning of year	<u>(33,991)</u>	<u>(33,991)</u>	<u>(33,991)</u>	-
Fund balance at end of year	<u>\$ (32,514)</u>	<u>\$ (95,807)</u>	<u>\$ (4,001)</u>	<u>\$ 91,806</u>

See accountants' report.

Special Revenue Fund

Budget		Actual	Variance Favorable (Unfavorable)
Original	Final		
\$ 20,000	\$ 20,000	\$ 28,551	\$ 8,551
-	-	-	-
-	-	41,241	41,241
-	-	-	-
-	-	146	146
-	-	494	494
<u>20,000</u>	<u>20,000</u>	<u>70,432</u>	<u>50,432</u>
-	-	-	-
-	-	-	-
-	-	84,347	(84,347)
934	934	934	-
<u>1,946</u>	<u>2,066</u>	<u>2,160</u>	<u>(94)</u>
<u>2,880</u>	<u>3,000</u>	<u>87,441</u>	<u>(84,441)</u>
17,120	17,000	(17,009)	(34,009)
-	-	-	-
-	-	-	-
-	-	-	-
17,120	17,000	(17,009)	(34,009)
<u>92,423</u>	<u>92,423</u>	<u>92,423</u>	<u>-</u>
<u>\$ 109,543</u>	<u>\$ 109,423</u>	<u>\$ 75,414</u>	<u>\$ (34,009)</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

October 26, 2007

The Honorable Janet Manuel, Mayor
And the Village Council
Village of Fenton, LA

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of The Village of Fenton, LA and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about The Village of Fenton, LA's compliance with certain laws and regulations during the period ended June 30, 2007 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There was no expenditures made during the year for materials and supplies exceeding \$20,000 which was made in accordance with the LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each council member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all council members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

No employees listed in (3) above were included in the family member lists in (2) above.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with the original adopted budget for 2007 and one amendment was made.

6. Trace the budget adoption and amendments to the minute book.

We traced the adopted budget and the amendment for 2007 to approval in the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures met budgeted amounts for the year within 5% within the General Fund and Special Revenue Fund.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account.

The payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

The payments received proper approvals.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the recreation building, a public place. We found no evidence of noncompliance.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees who may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village and a review of payroll records indicated no payments for any bonuses, advances or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Fenton, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Gragson, Casiday & Guillory

LOUISIANA ATTESTATION QUESTIONNAIRE

Gragson, Casiday & Guillory
P.O. Drawer 1847
Lake Charles, LA 70602

October 26, 2007

In connection with your review of our financial statements as of June 30, 2007 and for the period from June 1, 2006 to June 30, 2007, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of October 26, 2007.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Janet H. Manuel Secretary/Treasurer 12/29/07 Date
Mayer

VILLAGE OF FENTON, LA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Period Ended June 30, 2007

Item 2007-01: Lack of segregation of duties

Description: Because of the lack of a large staff, more specifically accounting personnel, there is a lack of sufficient segregation of duties necessary for proper controls. One person is currently performing all of the accounting functions. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the Village. We recommend that the Mayor continue to take an active role in the review of all of the monthly financial information.

Resolution: This is a continued finding

VILLAGE OF FENTON, LA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Period Ended June 30, 2007

Item 2006-01: Lack of segregation of duties

Description: Because of the lack of a large staff, more specifically accounting personnel, there is a lack of sufficient segregation of duties necessary for proper controls. One person is currently performing all of the accounting functions. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the Village. We recommend that the Mayor continue to take an active role in the review of all of the monthly financial information.

Resolution: This is a continued finding

Item 2006-02: Budgeting

Description: The General Fund and Special Revenue Fund actual expenditures were more than budgeted amounts by more than 5%, and the budgets were not amended.

Resolution: This was corrected in 2007.