

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	10-50 years
Office furniture and fixtures	5 years

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 - RETAINED EARNINGS/FUND BALANCE DEFICITS

The retained earnings of the proprietary fund type has a deficit of \$89,853 at May 31, 1996. The Village intends to eliminate the deficit through future operating income and operating transfers in from the general fund.

The general fund and debt service fund have deficit fund balances of \$10,084 and \$5,491, respectively at May 31, 1996. The Village intends to eliminate the deficits through future general fund excess of revenues over expenditures.

<u>Types</u> Debt <u>Service</u>	<u>Totals</u> <u>(Memo Only)</u>
\$ 2,140	\$ 36,931
-	5,660
-	37,067
-	6,985
-	721
<u>2,140</u>	<u>87,364</u>
-	37,271
-	33,966
-	2,810
1,532	1,532
<u>1,194</u>	<u>1,194</u>
<u>2,726</u>	<u>76,773</u>
(586)	10,591
-	8,285
-	-
-	<u>8,285</u>
(586)	18,876
<u>(4,905)</u>	<u>(20,479)</u>
\$ <u>(5,491)</u>	\$ <u>(1,603)</u>

Village of Fenton, Louisiana

BOARD OF ALDERMEN-PER DIEM

Year Ended May 31, 1996

Eddie B. Alfred	\$ 1,300
Johnny R. Miller	1,300
Wilfred J. Lemelle	<u>1,300</u>
	\$ <u>3,900</u>

This schedule is included herein in order to comply with a requirement of the Legislative Auditor that the report include a schedule indicating the number of days and amount of per diem or other compensation paid to each Alderman.

See accountants' report.

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

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ACCOUNTANTS' COMPILATION REPORT

September 23, 1996

Honorable Frank Broxton, Mayor
and Members of the Board of Alderman
Village of Fenton, Louisiana

We have compiled the accompanying general purpose financial statements of Village of Fenton, Louisiana as of May 31, 1996 and for the year then ended, as listed in the table of contents and the supplementary information on page 19, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

The Village of Fenton, LA does not have a formally-adopted budget for the general and special revenue funds, therefore, the accompanying statements of revenues and expenditures of the General Fund and Special Revenue Fund for the year ended May 31, 1996 do not include a comparison with a formal budget as required by generally accepted accounting principles.

Gragsom Casiday & Guillory

Village of Fenton, Louisiana

COMBINED BALANCE SHEETS-ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 1996

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
<u>ASSETS</u>		
Cash	\$ 2,759	\$ 13,972
Accounts receivable, net	-	-
Restricted assets:		
Cash	-	-
Due from other funds	-	-
Fixed assets, net	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets	\$ <u>2,759</u>	\$ <u>13,972</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 12,429	\$ -
Other accrued expenses	-	-
Due to other funds	414	-
Amount available (deficit) in debt service fund	-	-
Payable from restricted assets:		
Matured revenue bonds	-	-
Matured revenue bond interest payable	-	-
Deposits	-	-
General obligation bonds payable	-	-
Revenue bonds payable	-	-
Total liabilities	12,843	-
<u>FUND EQUITY</u>		
Investment in general fixed assets	-	-
Contributed capital	-	-
Retained earnings (deficit):		
Unreserved	-	-
Fund balances (deficit):		
Reserved for public streets and capital outlay	-	13,972
Reserved for debt retirement	-	-
Unreserved and Undesignated	(10,084)	-
Total fund equity	(10,084)	13,972
Total liabilities and fund equity	\$ <u>2,759</u>	\$ <u>13,972</u>

See accompanying notes and accountants' report.

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).

Village of Fenton is only required to post a notice of each meeting and the accompanying agenda in City Hall. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of some of the notices and agendas.

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 which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year indicated no mention for any bonuses, advances or gifts. However, review of the payroll records indicated the following extra paychecks were issued in December 1995:

Frank Broxton, Mayor	\$ 184.70
Mary Willis, Village Clerk	\$ 253.96
Johnny Miller, Alderman	\$ 92.35
Wilfred Lemelle, Alderman	\$ 92.35
Eddie B. Alfred, Alderman	\$ 92.35
Luther Alfred, Police Chief	\$ 120.05

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. However, this report is a matter of public record and its distribution is not limited.


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

Village of Fenton, Louisiana

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-ALL GOVERNMENTAL FUND TYPES

Year Ended May 31, 1996

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 22,151	\$ 12,640
Licenses and permits	5,660	-
Intergovernmental	3,101	33,966
Fines and forfeits	6,985	-
Miscellaneous	<u>721</u>	<u>-</u>
Total revenues	<u>38,618</u>	<u>46,606</u>
Expenditures:		
Current:		
General government	37,271	-
Intergovernmental grants	-	33,966
Capital outlay	2,810	-
Debt service:		
Principal maturity	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>
Total expenditures	<u>40,081</u>	<u>33,966</u>
Excess (deficiency) of revenues over expenditures	(1,463)	12,640
Other financing sources (uses)		
Operating transfers in	8,285	-
Operating transfers (out)	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>8,285</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,822	12,640
Fund balances (deficit) at beginning of year	(16,906)	<u>1,332</u>
Fund balances (deficit) at end of year	\$ <u>(10,084)</u>	\$ <u>13,972</u>

See accompanying notes and accountants' report.

Village of Fenton, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - PROPRIETARY FUND TYPE

Year Ended May 31, 1996

Operating revenues:	
Charges for services	\$ <u>36,359</u>
Operating expenses:	
Personal services	6,269
Payroll taxes	1,026
Repairs and maintenance	14,468
Supplies	5,706
Heat, light and power	10,590
Miscellaneous	414
Depreciation	<u>16,476</u>
Total operating expenses	<u>54,949</u>
Operating income (loss)	<u>(18,590)</u>
Nonoperating revenues (expenses):	
Louisiana Rural Water grant	10,000
Interest and fiscal charges	<u>(3,384)</u>
Total nonoperating revenues (expenses)	<u>6,616</u>
Income (loss) before operating transfers	(11,974)
Operating transfers:	
Operating transfer to other funds	<u>(8,285)</u>
Net income (loss)	(20,259)
Retained earnings (deficit) at beginning of year	<u>(69,594)</u>
Retained earnings (deficit) at end of year	\$ <u>(89,853)</u>

See accompanying notes and accountants' report.

Village of Fenton, Louisiana

STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE

Year Ended May 31, 1996

Cash flows from operating activities	
Operating income (loss)	\$(18,590)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	16,476
Changes in assets and liabilities:	
Increase in accounts receivable	(84)
Increase in accounts payable	5,087
Increase in accrued expenses	<u>862</u>
Total adjustments	<u>22,341</u>
Net cash provided by operating activities	<u>3,751</u>
Cash flows from noncapital financing activities:	
Receipt of grant funds	10,000
Operating transfers to other funds	<u>(8,285)</u>
Net cash provided by noncapital financing activities	<u>1,715</u>
Cash flows from capital financing activities:	
Principal payment on revenue bonds	(1,814)
Interest payment on revenue bonds	<u>(3,384)</u>
Net cash used by capital financing activities	<u>(5,198)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	268
Cash and cash equivalents at beginning of year	<u>85</u>
Cash and cash equivalents at end of year	\$ <u><u>353</u></u>

See accompanying notes and accountants' report.

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS

May 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Fenton, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

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.

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

ACCOUNT GROUPS:

General Fixed Assets Account Group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable. The proprietary fund accounts for fixed assets and long-term debt on a cost basis. Public domain general fixed assets such as public streets or sewer lines are not capitalized, as these assets are immovable and of value only to the Village, and therefore are not included in the totals for the General Fixed Assets Group.

General Long-Term Debt Account Group - Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

3. Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end.

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The accrual basis of accounting is utilized by proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, tobacco taxes, licenses, interest and water and sewer fees.

4. The Village of Fenton did not adopt an official budget.

5. Cash

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 May 31, 1996, the Village has \$17,844 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

6. Accounts Receivable

Uncollectible amounts due for water and sewer charges and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectable. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

7. 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.

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

8. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

9. Total Columns on Combined Statements

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

NOTE B - PROPERTY TAXES

For the year ended May 31, 1996, taxes were levied on property as follows:

	<u>Millage</u>	<u>Assessed Valuations</u>
General corporate purposes	9.45	\$ 521,540
Debt service	<u>4.00</u>	521,540
	<u>13.45</u>	

Property tax millage rates are adopted in July of the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by February 28th are subject to property lien.

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

NOTE C - LONG-TERM DEBT

The following is a summary of bond transactions of the Village of Fenton, LA for the year ended May 31, 1996:

	General Obligation	Revenue	Total
Bonds payable at May 31, 1995	\$ 14,532	\$ 59,759	\$ 74,291
Bonds retired	<u>532</u>	<u>1,814</u>	<u>2,346</u>
Bonds payable at May 31, 1996	\$ <u>14,000</u>	\$ <u>57,945</u>	\$ <u>71,945</u>

The annual requirements to amortize all debt outstanding, including interest, as of May 31, 1996 for each of the next five years:

Year ending <u>May 31,</u>	General Obligation	Revenue	Total
1997	\$ 7,700	\$ 8,695	\$ 16,395
1998	1,350	4,050	5,400
1999	1,300	4,100	5,400
2000	1,250	4,150	5,400
2001	<u>1,200</u>	<u>4,200</u>	<u>5,400</u>
	\$ <u>12,800</u>	\$ <u>25,195</u>	\$ <u>37,995</u>

Bonds payable at May 31, 1996 are comprised of the following issues:

General obligation bonds:

\$32,000, 1971 Public Improvement Bonds due in annual principal installments of \$500 through January 1, 1985, then \$1,000 through January 1, 2010; interest at 5 percent. (This issue is being serviced - principal and interest - by ad valorem taxes.)

A deficit of \$5,905 exists in the Debt Service Fund to service the general obligation bonds at May 31, 1996 due to nonpayment of principal since 1991. \$ 14,000

Revenue bonds:

\$88,000, 1971 Water Revenue bonds due in varying annual installments through January 1, 2010; interest at 5 percent. \$ 57,945

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

NOTE D - FIXED ASSETS

1. General Fixed Assets:

The following is a summary of changes in general fixed assets of the Village of Fenton, LA for the year ended May 31, 1996:

	<u>Balance</u> <u>5-31-95</u>	<u>Net</u> <u>Additions</u>	<u>Balance</u> <u>5-31-96</u>
Land	\$ 1,900	\$ -	\$ 1,900
Buildings	90,252	656	90,908
Improvements other than buildings	3,652	-	3,652
Machinery and equipment	28,173	1,954	30,127
Office furniture and equipment	<u>5,559</u>	<u>200</u>	<u>5,759</u>
	<u>\$ 129,536</u>	<u>\$ 2,810</u>	<u>\$ 132,346</u>

2. Proprietary Fund Fixed Assets:

The following is a summary of changes in proprietary fund fixed assets for the year ended May 31, 1996:

	<u>Balance</u> <u>5-31-95</u>	<u>Net</u> <u>additions</u>	<u>Balance</u> <u>5-31-96</u>
Land	\$ 14,790	\$ -	\$ 14,790
Equipment	832,204	-	832,204
Office furniture and fixtures	<u>249</u>	<u>-</u>	<u>249</u>
	847,243	<u>\$ -</u>	847,243
Less: Accumulated depreciation	<u>104,661</u>		<u>121,137</u>
	<u>\$ 742,582</u>		<u>\$ 726,106</u>

Additions to the proprietary fund fixed assets are recorded at cost. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

SUPPLEMENTAL INFORMATION

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

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

September 23, 1996

Honorable Frank Broxton, Mayor
and Members of the Board of Aldermen
Village of Fenton, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Village of Fenton, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Fenton, Louisiana's compliance with certain laws and regulations during the year ended May 31, 1996 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 \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure was made during the year for materials and supplies exceeding \$5,000. We were able to obtain documentation of an estimated cost to do the job from one supplier and an invoice for performance of the services for a lesser amount from a different supplier. We noted no advertisements made for bids. Mayor Frank Broxton indicated that no advertisements for bids were published because the work was considered a public emergency. We were not able to obtain documentation indicating that said state of emergency was published in accordance with LSA-RS 38:2212, Subsection D, Paragraph 1.

Code of Ethics for Public Officials and Public Employees

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

None of the employees included on the list of employees provided by management (agreed-upon procedures (3)) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

The Village has not adopted a budget.

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

The Village has not adopted a budget.

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

The Village has not adopted a budget.

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, with one exception.

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS-CONTINUED

May 31, 1996

2. Fund Accounting

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and groups of accounts are used by the Village:

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.

Special Revenue Fund - Special Revenue Fund is used to account for the proceeds of specific revenue sources, which are required to be accounted for in a separate fund, and which are legally restricted to expenditure for a specified purpose. This fund accounts for the 2% sales tax passed in the general election on November 8, 1994.

Debt Service Fund - Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

PROPRIETARY FUND TYPE:

Enterprise Fund - 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.

Continued

<u>Types</u> Debt Service	Proprietary <u>Fund Type</u> Enterprise	<u>Account Groups</u>		Totals (Memo Only)
		General Fixed <u>Assets</u>	General Long-Term <u>Debt</u>	
\$ 95	\$ 353	\$ -	\$ -	\$ 17,179
-	5,427	-	-	5,427
-	250	-	-	250
414	-	-	-	414
-	726,106	132,346	-	858,452
-	-	-	13,491	13,491
<u>\$ 509</u>	<u>\$ 732,136</u>	<u>\$ 132,346</u>	<u>\$ 13,491</u>	<u>\$ 895,213</u>
\$ -	\$ 13,713	\$ -	\$ -	\$ 26,142
-	851	-	-	851
-	-	-	-	414
-	-	-	5,491	5,491
6,000	5,945	-	-	11,945
-	884	-	-	884
-	250	-	-	250
-	-	-	8,000	8,000
-	<u>52,000</u>	-	-	<u>52,000</u>
<u>6,000</u>	73,643	-	13,491	105,977
-	-	132,346	-	132,346
-	748,346	-	-	748,346
-	(89,853)	-	-	(89,853)
-	-	-	-	13,972
(5,491)	-	-	-	(5,491)
-	-	-	-	(10,084)
<u>(5,491)</u>	<u>658,493</u>	<u>132,346</u>	<u>-</u>	<u>789,236</u>
<u>\$ 509</u>	<u>\$ 732,136</u>	<u>\$ 132,346</u>	<u>\$ 13,491</u>	<u>\$ 895,213</u>

The one exception involved general fund check number 5594 dated May 9, 1996 for \$258.75. According to the Village Clerk, the Village purchased two police cars from other governmental units. The check in question was payment for transfer of titles of the two vehicles to the Village. We examined copies of the two "Certificates of Title" which were issued to the Village of Fenton on May 9, 1996. We were not able to ascertain the proper fee amount from this documentation. However, we were able to examine the canceled check. The check was made payable to the "Dept. of Public Safety" (imprinted by the department's stamp) and endorsed "For Deposit-State of LA Treasury". In addition, the back of the check was manually endorsed with two numbers which were identical to the VIN listed on each of the "Certificates of Title".

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

The Village maintains a manual, single-entry accounting system for cash receipts and disbursements. The majority of disbursements are made through the general fund operating and payroll accounts. All of the six disbursements were originally posted to the general fund. Two of the disbursements were actually disbursements on behalf of or partially allocable to the enterprise fund. The Village Clerk was able to recap those expenditures of the enterprise fund which were paid by the general fund. Therefore, the six disbursements were reported in the proper fund in the accompanying financial statements.

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

Inspection of supporting documents for the six selected disbursements did not indicate approval for payment. In addition, although the Village's minutes reflected approval for "payment of bills" on a monthly basis, no detail listing of the approved bills was attached to the minutes. However, the mayor signed all of the checks indicating his approval to pay. We suggested that the Mayor indicate his approval on all invoices and the list of approved bills be permanently attached to the minutes of the Board of Aldermen. The Village has indicated their agreement with, and anticipated implementation of our recommendations.