

99700016
2372
34

VILLAGE OF FENTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS AND ACCOUNTANTS' REPORTS
Year Ended May 31, 1998

**OFFICIAL
FILE COPY**

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~DEC 0 9 1998~~

CONTENTS

	PAGE
ACCOUNTANTS' COMPILATION REPORT	3
FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS	4-5
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES	6-7
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES	8-9
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)-PROPRIETARY FUND TYPE	10
STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE	11
NOTES TO FINANCIAL STATEMENTS	12-20
SUPPLEMENTAL INFORMATION	
BOARD OF ALDERMEN-PER DIEM	22
AGING OF ACCOUNTS RECEIVABLE - ENTERPRISE FUND	23
SCHEDULE OF INSURANCE COVERAGE	24
SCHEDULE OF NUMBER OF CUSTOMERS AND WATER/SEWER RATES - ENTERPRISE FUND	25
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED- UPON PROCEDURES	26-29
MANAGEMENT CORRECTIVE ACTION PLAN	30
SCHEDULE OF PRIOR YEAR FINDINGS	31
ATTESTATION QUESTIONNAIRE	32-34

GRAGSON, CASIDAY & GUILLORY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A. (APC)
RAYMOND GUILLORY, JR., C.P.A.

JULIA W. PORTUS, C.P.A.
CRAIG A. CHILDRESS, C.P.A.
CAMUS CASTILLE, C.P.A.
DAWN REDD, C.P.A.
MICHELLE BOURNE, C.P.A.
COY VINCENT, C.P.A.

ONE LAKESIDE PLAZA, SUITE 700
P.O. DRAWER 1847
LAKE CHARLES, LOUISIANA 70602-1847
TELEPHONE (318) 439-1986
FACSIMILE (318) 439-1366

ACCOUNTANTS' COMPILATION REPORT

November 23, 1998

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, 1998, and for the year then ended, as listed in the table of contents and the supplemental information on pages 21 through 25, 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 schedules and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated November 23, 1998, on the results of our agreed-upon procedures.

Gragson Casiday & Guillory

Village of Fenton, Louisiana

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 1998

(With comparative totals for May 31, 1997)

	<u>Governmental Fund</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,800	\$ 45,745	\$ 470
Accounts receivable, net	-	-	-
Restricted assets:			
Cash	-	-	-
Due from other funds	11	-	684
Fixed assets, net	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount available in debt service fund	-	-	-
Total assets	<u>\$ 4,811</u>	<u>\$ 45,745</u>	<u>\$ 1,154</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 802	\$ -	\$ -
Other accrued expenses	-	-	-
Due to other funds	684	-	-
Payable from restricted assets:			
Bonds payable	-	-	-
Matured revenue bond interest payable	-	-	-
Deposits	-	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Total liabilities	<u>1,486</u>	<u>-</u>	<u>-</u>
<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	-	45,745	-
Reserved for debt retirement	-	-	1,154
Unreserved and Undesignated	<u>3,325</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>3,325</u>	<u>45,745</u>	<u>1,154</u>
Total liabilities and fund equity	<u>\$ 4,811</u>	<u>\$ 45,745</u>	<u>\$ 1,154</u>

See accompanying notes and accountants' report.

Types	Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	1998	1997
Capital Projects	Enterprise				
\$ -	\$ 845	\$ -	\$ -	\$ 51,860	\$ 30,134
80,586	7,809	-	-	88,395	7,582
-	1,528	-	-	1,528	1,228
-	-	-	-	695	334
-	693,155	134,395	-	827,550	828,451
-	-	-	10,841	10,841	12,336
-	-	-	1,154	1,154	659
<u>\$ 80,586</u>	<u>\$ 703,337</u>	<u>\$ 134,395</u>	<u>\$ 11,995</u>	<u>\$ 982,023</u>	<u>\$ 880,724</u>
\$ 80,586	\$ 1,524	\$ -	\$ -	\$ 82,912	\$ 21,985
-	1,013	-	-	1,013	1,011
11	-	-	-	695	334
-	3,000	-	-	3,000	3,000
-	836	-	-	936	884
-	1,528	-	-	1,528	1,228
-	-	-	11,995	11,995	13,000
-	46,000	-	-	46,000	49,000
80,597	53,901	-	11,995	147,979	90,442
-	-	134,395	-	134,395	118,821
-	748,346	-	-	748,346	748,346
-	(98,910)	-	-	(98,910)	(92,036)
-	-	-	-	45,745	25,302
-	-	-	-	1,154	659
(11)	-	-	-	3,314	(10,810)
(11)	649,436	134,395	-	834,044	790,282
<u>\$ 80,586</u>	<u>\$ 703,337</u>	<u>\$ 134,395</u>	<u>\$ 11,995</u>	<u>\$ 982,023</u>	<u>\$ 880,724</u>

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

Village of Fenton, Louisiana

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

Year Ended May 31, 1998
(With comparative totals for May 31, 1997)

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 20,702	\$ 20,443
Licenses and permits	7,510	-
Intergovernmental	31,632	3,325
Fines and forfeits	19,817	-
Festival income	2,324	-
Miscellaneous	2,679	-
Total revenues	<u>84,664</u>	<u>23,768</u>
Expenditures:		
Current:		
General government	45,715	-
Public safety	6,347	-
Culture and recreation	1,616	-
Intergovernmental grants	-	3,325
Capital outlay	28,681	-
Debt service:		
Principal maturity	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>82,359</u>	<u>3,325</u>
Excess (deficiency) of revenues over expenditures	2,305	20,443
Other financing sources (uses):		
Operating transfers in	11,830	-
Operating transfers (out)	-	-
Total other financing sources (uses)	<u>11,830</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	14,135	20,443
Fund balances (deficit) at beginning of year, as restated	<u>(10,810)</u>	<u>25,302</u>
Fund balances (deficit) at end of year	<u>\$ 3,325</u>	<u>\$ 45,745</u>

See accompanying notes and accountants' report.

Types		Totals (Memorandum Only)	
Debt Service	Capital Projects	1998	1997
\$ 2,140	\$ -	\$ 43,285	\$ 33,593
-	-	7,510	5,838
-	215,135	250,092	8,298
-	-	19,817	27,693
-	-	2,324	-
-	-	2,679	1,631
<u>2,140</u>	<u>215,135</u>	<u>325,707</u>	<u>77,053</u>
-	-	45,715	47,105
-	-	6,347	7,991
-	-	1,616	-
-	-	3,325	5,230
-	215,146	243,827	-
1,000	-	1,000	1,000
645	-	645	710
<u>1,645</u>	<u>215,146</u>	<u>302,475</u>	<u>62,036</u>
495	(11)	23,232	15,017
-	-	11,830	-
-	-	-	(4,258)
-	-	<u>11,830</u>	<u>(4,258)</u>
495	(11)	35,062	10,759
659	-	15,151	4,392
<u>\$ 1,154</u>	<u>\$ (11)</u>	<u>\$ 50,213</u>	<u>\$ 15,151</u>

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

Village of Fenton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES

Year Ended May 31, 1998

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 17,991	\$ 20,702	\$ 2,711
Licenses and permits	5,400	7,510	2,110
Intergovernmental	3,060	31,632	28,572
Fines and forfeits	30,000	19,817	(10,183)
Festival income	-	2,324	2,324
Miscellaneous	4,440	2,679	(1,761)
Total revenues	<u>60,891</u>	<u>84,664</u>	<u>23,773</u>
Expenditures:			
Current:			
General government	52,167	45,715	6,452
Public safety	11,173	6,347	4,826
Culture and recreation	-	1,616	(1,616)
Intergovernmental grants	-	-	-
Capital outlay	-	28,681	(28,681)
Debt service:			
Principal maturity	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>63,340</u>	<u>82,359</u>	<u>(19,019)</u>
Excess (deficiency) of revenues over expenditures	(2,449)	2,305	4,754
Other financing sources(uses):			
Operating transfers in	15,523	11,830	(3,693)
Operating transfers (out)	-	-	-
Total other financing sources (uses)	<u>15,523</u>	<u>11,830</u>	<u>(3,693)</u>
Excess(deficiency) of revenues and other sources over expenditures and other uses	<u>13,074</u>	<u>14,135</u>	<u>1,061</u>
Fund balance(deficit) at beginning of year, as restated	<u>(10,810)</u>	<u>(10,810)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,264</u>	<u>\$ 3,325</u>	<u>\$ 1,061</u>

See accompanying notes and accountants' report.

Special Revenue Fund			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 14,000	\$ 20,443	\$ 6,443	\$ 2,140	\$ 2,140	\$ -
-	-	-	-	-	-
-	3,325	3,325	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,000</u>	<u>23,768</u>	<u>9,768</u>	<u>2,140</u>	<u>2,140</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,325	(3,325)	-	-	-
-	-	-	-	-	-
-	-	-	1,000	1,000	-
-	-	-	650	645	5
-	<u>325</u>	<u>(3,325)</u>	<u>1,650</u>	<u>1,645</u>	<u>5</u>
14,000	20,443	6,443	490	495	5
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,000</u>	<u>20,443</u>	<u>6,443</u>	<u>490</u>	<u>495</u>	<u>5</u>
<u>25,302</u>	<u>25,302</u>	<u>-</u>	<u>659</u>	<u>659</u>	<u>-</u>
<u>\$ 39,302</u>	<u>\$ 45,745</u>	<u>\$ 6,443</u>	<u>\$ 1,149</u>	<u>\$ 1,154</u>	<u>\$ 5</u>

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

Village of Fenton, Louisiana

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

Year Ended May 31, 1998
(With comparative totals for May 31, 1997)

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ 60,099	\$ 43,483
Operating expenses:		
Personal services	12,298	10,251
Payroll taxes	1,757	960
Repairs and maintenance	9,641	13,476
Supplies	7,324	5,442
Heat, light and power	1,675	2,972
Miscellaneous	591	192
Depreciation	<u>16,476</u>	<u>16,476</u>
Total operating expenses	<u>49,762</u>	<u>49,769</u>
Operating income (loss)	<u>10,337</u>	<u>(6,286)</u>
Nonoperating revenues (expenses):		
Interest and fiscal charges	<u>(5,381)</u>	<u>(2,872)</u>
Total nonoperating revenues (expenses)	<u>(5,381)</u>	<u>(2,872)</u>
Income (loss) before operating transfers	4,956	(9,158)
Operating transfers:		
Operating transfer (to) from other funds	<u>(11,830)</u>	<u>4,258</u>
Net income (loss)	(6,874)	(4,900)
Retained earnings (deficit) at beginning of year	<u>(92,036)</u>	<u>(87,136)</u>
Retained earnings (deficit) at end of year	<u>\$ (98,910)</u>	<u>\$ (92,036)</u>

See accompanying notes and accountants' report.

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

Village of Fenton, Louisiana

STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE

Year Ended May 31, 1998
(With comparative totals for May 31, 1997)

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 10,337	\$ (6,286)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	16,476	16,476
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(227)	(2,155)
Increase (decrease) in accounts payable	(5,916)	(6,272)
Increase (decrease) in accrued expenses	2	160
Net cash provided by operating activities	<u>20,672</u>	<u>1,923</u>
Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	<u>(11,830)</u>	<u>4,258</u>
Net cash used by noncapital financing activities	<u>(11,380)</u>	<u>4,258</u>
Cash flows from capital financing activities:		
Principal payment on revenue bonds	(3,000)	(3,229)
Interest payment on revenue bonds	<u>(5,430)</u>	<u>(2,872)</u>
Net cash used by capital financing activities	<u>(8,430)</u>	<u>(6,101)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	412	80
Cash and cash equivalents at beginning of year	<u>433</u>	<u>353</u>
Cash and cash equivalents at end of year	<u>\$ 845</u>	<u>\$ 433</u>

See accompanying notes and accountants' report.

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS

May 31, 1998

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

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition or construction of capital facilities by the Village not reported in the other governmental funds.

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

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. Budgets

For the year ended May 31, 1998, the Village adopted an entity wide budget which is not presented by fund. However, fund information may be extrapolated from the budget for reporting purposes. The proposed budget is presented to the Board of Aldermen for review. Upon approval by the Aldermen, the budget is adopted in an open public meeting.

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 May 31, 1998, the Village has \$62,767 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.

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 "Memorandum 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.

10. *Comparative Data*

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE B - PROPERTY TAXES

For the year ended May 31, 1998, taxes were levied on property as follows:

	<u>Millage</u>	<u>Assessed Valuations</u>
General corporate purposes	9.45	\$ 521,220
	<u>4.00</u>	521,220
	13.45	

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.

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, 1998:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable at May 31, 1997	\$ 13,000	\$ 52,000	\$ 65,000
Bonds retired	<u>1,005</u>	<u>3,000</u>	<u>4,005</u>
Bonds payable at May 31, 1998	\$ <u>11,995</u>	\$ <u>49,000</u>	\$ <u>60,995</u>

The annual requirements to amortize all debt outstanding, including interest, as of May 31, 1998 for each of the next five years:

<u>Year ending May 31,</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 1,600	\$ 5,450	\$ 7,050
2000	1,550	5,300	6,850
2001	1,500	5,150	6,650
2002	1,450	6,000	7,450
2003	<u>1,400</u>	<u>5,800</u>	<u>7,200</u>
	\$ <u>7,500</u>	\$ <u>27,700</u>	\$ <u>35,200</u>

Continued

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE C - LONG TERM DEBT - CONTINUED

Bonds payable at May 31, 1998 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.)

The Debt Service Fund has \$1,154 available to service the general obligation bonds at May 31, 1998. \$ 11,995

Revenue bonds:

\$88,000, 1971 Water Revenue bonds due in varying annual installments through January 1, 2010; interest at 5 percent. \$ 49,000

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, 1998:

	<u>Balance</u> <u>May 31, 1997</u>	<u>Net Additions/</u> <u>(Deletions)</u>	<u>Balance</u> <u>May 31, 1998</u>
Land	\$ 1,900		\$ 1,900
Buildings	90,908	-	90,908
Improvements other than buildings	3,652	-	3,652
Machinery and equipment	16,602	15,267	31,869
Office furniture and equipment	<u>5,759</u>	<u>307</u>	<u>6,066</u>
	<u>\$ 118,821</u>	<u>\$ 15,574</u>	<u>\$ 134,395</u>

Continued

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

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE D - FIXED ASSETS - CONTINUED

2. Proprietary Fund Fixed Assets:

The following is a summary of changes in proprietary fund fixed assets for the year ended May 31, 1998:

	Balance <u>May 31, 1997</u>	Net <u>Additions</u>	Balance <u>May 31, 1998</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>137,613</u>		<u>154,088</u>
	<u>\$ 709,630</u>		<u>\$ 693,155</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.

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.

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE F - RETAINED EARNINGS/FUND BALANCE DEFICITS

The retained earnings of the proprietary fund type has a deficit of \$98,910 at May 31, 1998. The Village intends to eliminate the deficit through future operating income.

The capital projects fund has a deficit balance of \$11 at May 31, 1998. This deficit will be eliminated through future interfund transfers.

NOTE G - PRIOR PERIOD ADJUSTMENT

The financial statements as of and for the year ended May 31, 1997 incorrectly reflected \$6,000 as matured general obligation bonds resulting in an inaccurately reported deficit in the amount of \$5,336. Those bonds had not in fact matured as of May 31, 1997. The financial statements as of and for the year ended May 31, 1997 have been restated to reflect that no bonds were matured and unpaid as of that date. The debt service fund as of May 31, 1997 had a \$659 fund balance.

NOTE H - COMMUNITY DEVELOPMENT BLOCK GRANT

In December, 1996, the Village was awarded a Louisiana Community Development Block Grant in the amount of \$395,000 for its Water Treatment Facility. As of May 31, 1998, the Village had received \$134,548 from this grant.

SUPPLEMENTAL INFORMATION

Village of Fenton, Louisiana
BOARD OF ALDERMEN-PER DIEM
Year Ended May 31, 1998

Eddie B. Alfred	\$ 1,200
Anthony Howard	1,200
Janet Manuel	<u>1,200</u>
	\$ <u>3,600</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.

Village of Fenton, Louisiana

AGING OF ACCOUNTS RECEIVABLE - ENTERPRISE FUND

May 31, 1998

	<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - over</u>	<u>Total</u>
Accounts Receivable	\$ 5,327	\$ 1,093	\$ 497	\$ 892	\$ 7,809

See accountants' report.

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

Village of Fenton, Louisiana

SCHEDULE OF INSURANCE COVERAGE

May 31, 1998

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$500,000 bodily injury and physical damage	March 19, 2001
Commercial general liability: Premises/Operations	\$500,000 per occurrence - bodily injury and physical damage	September 24, 2000
Products/Completed operation	\$500,000 in the aggregate - bodily injury and physical damage	September 24, 2000
Medical payments	\$1,000 per person \$10,000 per accident	September 24, 2000
Fire legal liability	\$50,000 per occurrence	September 24, 2000

See accountants' report.

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

Village of Fenton, Louisiana

SCHEDULE OF NUMBER OF CUSTOMERS AND WATER/SEWER
RATES - ENTERPRISE FUND

May 31, 1998

Number of residential customers	155
Number of commercial customers	<u>9</u>
Total customers	<u>164</u>

Water Rates

Residential and commercial
customers \$10.50 for first 2,000 gallons; \$3.40
per 1,000 gallons thereafter

Sewer Rates

Residential and commercial
customers \$8.00 per month

See accountants' report.

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

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

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A. (APC)
RAYMOND GUILLORY, JR., C.P.A.

JULIA W. PORTUS, C.P.A.
CRAIG A. CHILDRESS, C.P.A.
CAMUS CASTILLE, C.P.A.
DAWN REDD, C.P.A.
MICHELLE BOURNE, C.P.A.
COY VINCENT, C.P.A.

ONE LAKESIDE PLAZA, SUITE 700
P.O. DRAWER 1847
LAKE CHARLES, LOUISIANA 70602-1847
TELEPHONE (318) 439-1986
FACSIMILE (318) 439-1366

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

November 23, 1998

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, 1998 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).

Two expenditures were made during the year for material and supplies exceeding \$5,000. Documentation supporting the first of these expenditures indicated that it had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251. The second expenditure noted was for the purchase of a tractor and an implement for \$15,095. The Village did not comply with the public bid law in making this purchase.

One expenditure was made during the year for public works exceeding \$50,000. We examined documentation which indicated the expenditure had been properly advertised and accepted in accordance with the provisions of 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 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 provided us with a copy of the budget for the year ended May 31, 1998 which was adopted on April 8, 1997 by vote of the Board of Aldermen. No amendments were noted subsequent to the adoption.

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

We traced the adoption of the budget to the minutes of the meeting dated April 8, 1997. No amendments were noted.

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%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. General fund actual revenues exceeded budgeted amounts by approximately 39%. This variance resulted largely due to receipt of two grants during the year which were not included in the final budget. General fund actual expenditures exceeded budgeted expenditures by approximately 30%. This excess is due to the expenditures of funds received from the aforementioned grants which expenditures were also not included in the final 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.

- (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. 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. However, attached to the Village's monthly minutes is a list reflecting bills to be paid. Each month the Aldermen make a motion to pay the bills of the Village as reported on the aforementioned listing. In addition, the Mayor signs all checks indicating his approval to pay. When testing for approval, we noted a disbursement of \$454 for the registration fees for the Village's Mayor to attend the National Conference of Black Mayors, Inc. 1998 Annual Convention dated April 13-20, 1998. This disbursement was not listed on the detail list of bills to be paid as approved by the Board of Aldermen. Therefore, we were unable to determine if this was an approved expenditure.

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. Management has indicated to us that such documents were properly posted.

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.

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

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 and review of payroll records of the Village for the year disclosed no 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. However, this report is a matter of public record and its distribution is not limited.



Village of Fenton, Louisiana
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended May 31, 1998

1998-1 - Public Bid Law

Finding: In one instance, the Village did not comply with the public bid law.

Response: We were not aware that the transaction at question fell within the requirements of the public bid law. We will attempt to ensure that we follow the requirements of the public bid law for future transactions of this nature.

1998-2 - Budgeting

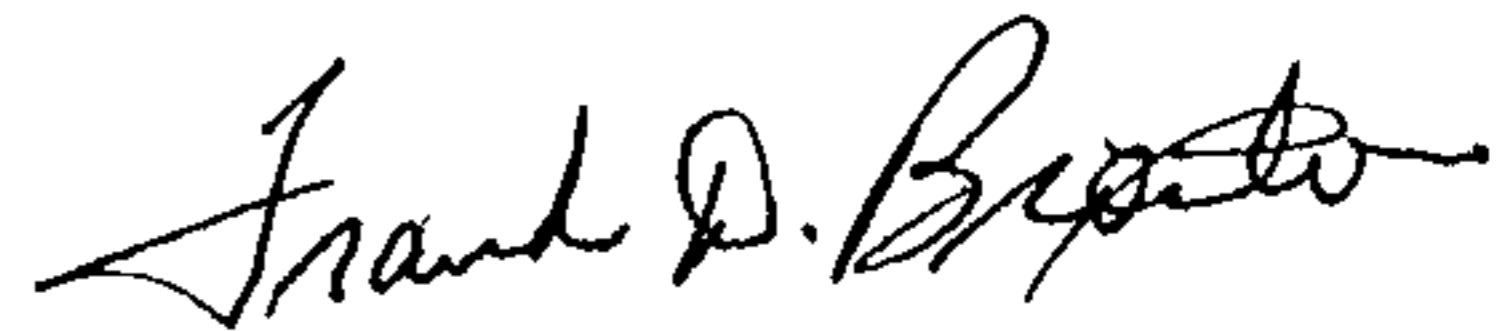
Finding: Actual expenditures for the general fund exceeded budgeted expenditures by more than 5%.

Response: Although the excess expenditures were funded through current excess revenues, in the future we will amend the budget to comply with the law.

1998-3 - Accounting and Reporting

Finding: A tested disbursement was not listed on the bills to be paid as presented to the Board of Aldermen.

Response: This finding is due to an oversight by management. In the future, we will take steps to ensure that all bills to be paid are presented to the Aldermen for approval.



Village of Fenton, Louisiana
SCHEDULE OF PRIOR YEAR FINDINGS
Ended May 31, 1998

1997-1 - Budgeting

Finding: No budget was adopted for the year ended May 31, 1997.

Resolution: A budget was properly adopted for the year ended May 31, 1998.

Gragson, Casiday, and Guillory
P.O. Drawer 1847
Lake Charles, Louisiana 70602

In connection with your compilation of the financial statements of the Village of Fenton as of December 31, 1998 and for the period then ended, 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 May 31, 1998.

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 Board have 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 the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

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[]

We have filed our financial statements audited or compiled in accordance with LSA-RS 24:513.

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 47:1410.60.

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.

Mary L. Willis Secretary 6-9-98 Date
Clerk

Neil D. [Signature] Treasurer _____ Date
MAYOR
President 6-9-98 Date

Aldermen: 6-9-98

Janet N. Manuel
Goddard [Signature]
Anthony H. Howard