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VILLAGE OF FENTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Two Years Ended May 31, 1999

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Release Date DEC 29 1999

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE 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 FOR THE YEAR ENDED MAY 31, 1999	6-7
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED MAY 31, 1998	8-9
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL-GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES FOR THE YEAR ENDED MAY 31, 1999	10-11
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL-GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES FOR THE YEAR ENDED MAY 31, 1998	12-13
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)-PROPRIETARY FUND TYPE	14
STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE	15
NOTES TO FINANCIAL STATEMENTS	16-24
SUPPLEMENTAL INFORMATION	
VILLAGE COUNCIL-PER DIEM	26
AGING OF ACCOUNTS RECEIVABLE-ENTERPRISE FUND	27
SCHEDULE OF INSURANCE COVERAGE	28
SCHEDULE OF NUMBER OF CUSTOMERS AND WATER/SEWER RATES-ENTERPRISE FUND	29
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	30-31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	32
SCHEDULE OF PRIOR YEAR FINDINGS	33

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INDEPENDENT AUDITORS' REPORT

November 19, 1999

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

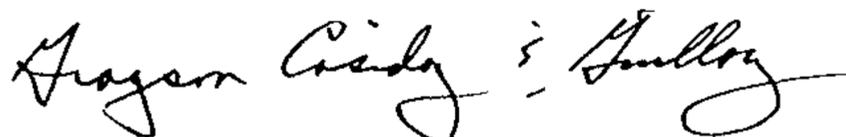
We have audited the accompanying general purpose financial statements of Village of Fenton, Louisiana as of and for the two years ended May 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Fenton, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Fenton, Louisiana as of May 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the two years then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Village of Fenton, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 1999 on our consideration of Village of Fenton, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grants and contracts.



Village of Fenton, Louisiana

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 1999

	<u>Governmental Fund</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 21,025	\$ 67,060	\$ 758
Accounts receivable, net	-	-	-
Restricted assets:			
Cash	-	-	-
Due from other funds	-	-	1,134
Fixed assets, net	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount available in debt service fund	-	-	-
Total assets	<u>\$ 21,025</u>	<u>\$ 67,060</u>	<u>\$ 1,892</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 4,141	\$ -	\$ -
Other accrued expenses	-	-	-
Due to other funds	1,134	-	-
Payable from restricted assets:			
Bonds payable	-	-	-
Matured revenue bond interest payable	-	-	-
Deposits	-	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Total liabilities	<u>5,275</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	-	67,060	-
Reserved for debt retirement	-	-	1,892
Unreserved and Undesignated	<u>15,750</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>15,750</u>	<u>67,060</u>	<u>1,892</u>
Total liabilities and fund equity	<u>\$ 21,025</u>	<u>\$ 67,060</u>	<u>\$ 1,892</u>

The accompanying notes are an integral part of the financial statements.

Types	Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	1999	1998
Capital Projects	Enterprise				
\$ -	\$ 1,155	\$ -	\$ -	\$ 89,998	\$ 51,860
-	7,844	-	-	7,844	88,395
-	1,650	-	-	1,650	1,528
-	-	-	-	1,134	695
-	1,066,522	138,320	-	1,204,842	827,550
-	-	-	9,108	9,108	10,841
-	-	-	1,892	1,892	1,154
<u>\$ -</u>	<u>\$ 1,077,171</u>	<u>\$ 138,320</u>	<u>\$ 11,000</u>	<u>\$ 1,316,468</u>	<u>\$ 982,023</u>
\$ -	\$ 1,630	\$ -	\$ -	\$ 5,771	\$ 82,912
-	1,207	-	-	1,207	1,013
-	-	-	-	1,134	695
-	3,000	-	-	3,000	3,000
-	945	-	-	945	936
-	1,650	-	-	1,650	1,528
-	-	-	11,000	11,000	11,995
-	43,000	-	-	43,000	46,000
-	51,432	-	11,000	67,707	147,979
-	-	138,320	-	138,320	134,395
-	1,140,476	-	-	1,140,476	748,346
-	(114,737)	-	-	(114,737)	(98,910)
-	-	-	-	67,060	45,745
-	-	-	-	1,892	1,154
-	-	-	-	15,750	3,314
<u>-</u>	<u>1,025,739</u>	<u>138,320</u>	<u>-</u>	<u>1,248,761</u>	<u>834,044</u>
<u>\$ -</u>	<u>\$ 1,077,171</u>	<u>\$ 138,320</u>	<u>\$ 11,000</u>	<u>\$ 1,316,468</u>	<u>\$ 982,023</u>

Village of Fenton, Louisiana

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

Year Ended May 31, 1999

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 20,855	\$ 19,493
Licenses and permits	8,339	-
Intergovernmental	5,607	11,582
Fines and forfeits	20,283	-
Festival income	-	-
Miscellaneous	2,090	-
Rent income	1,123	-
Interest income	-	1,822
Total revenues	<u>58,297</u>	<u>32,897</u>
Expenditures:		
Current:		
General government	43,978	-
Public safety	7,675	-
Culture and recreation	390	-
Intergovernmental grants	-	-
Capital outlay	3,957	11,582
Debt service:		
Principal maturity	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>56,000</u>	<u>11,582</u>
Excess (deficiency) of revenues over expenditures	2,297	21,315
Other financing sources (uses):		
Operating transfers in	13,639	-
Operating transfers (out)	<u>(3,511)</u>	<u>-</u>
Total other financing sources (uses)	<u>10,128</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,425	21,315
Fund balances (deficit) at beginning of year, as restated	<u>3,325</u>	<u>45,745</u>
Fund balances (deficit) at end of year	<u>\$ 15,750</u>	<u>\$ 67,060</u>

The accompanying notes are an integral part of the financial statements.

Types		Totals
Debt Service	Capital Projects	(Memorandum Only)
\$ 2,323	\$ -	\$ 42,671
-	-	8,339
-	176,677	193,866
-	-	20,283
-	-	-
-	-	2,090
-	-	1,123
15	-	1,837
<u>2,338</u>	<u>176,677</u>	<u>270,209</u>
-	-	43,978
-	-	7,675
-	-	390
-	-	-
-	180,177	195,716
1,000	-	1,000
600	-	600
<u>1,600</u>	<u>180,177</u>	<u>249,359</u>
738	(3,500)	20,850
-	3,511	17,150
-	-	(3,511)
-	<u>3,511</u>	<u>13,639</u>
738	11	34,489
<u>1,154</u>	<u>(11)</u>	<u>50,213</u>
<u>\$ 1,892</u>	<u>\$ -</u>	<u>\$ 84,702</u>

Village of Fenton, Louisiana

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

Year Ended May 31, 1998

	<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>23,765</u>
Expenditures:		
Current:		
General government	45,715	-
Culture and recreation	6,347	-
Public safety	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>

The accompanying notes are an integral part of the financial statements.

<u>Types</u>		<u>Totals</u>
<u>Debt</u>	<u>Capital</u>	<u>(Memorandum</u>
<u>Service</u>	<u>Projects</u>	<u>Only)</u>
\$ 2,140	\$ -	\$ 43,285
-	-	7,510
-	215,135	250,092
-	-	19,817
-	-	2,324
-	-	2,679
<u>2,140</u>	<u>215,135</u>	<u>325,707</u>
-	-	45,715
-	-	6,347
-	-	3,325
-	-	1,616
-	215,146	243,827
1,000	-	1,000
645	-	645
<u>1,645</u>	<u>215,146</u>	<u>302,475</u>
495	(11)	23,232
-	-	11,830
-	-	-
-	-	<u>11,830</u>
495	(11)	35,062
659	-	15,151
<u>\$ 1,154</u>	<u>\$ (11)</u>	<u>\$ 50,213</u>

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, 1999

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 20,810	\$ 20,855	\$ 45
Licenses and permits	7,600	8,339	739
Intergovernmental	3,060	5,607	2,547
Fines and forfeits	25,000	20,283	(4,717)
Miscellaneous	7,240	2,090	(5,150)
Rent income	-	1,123	1,123
Interest Income	-	-	-
Total revenues	<u>63,710</u>	<u>58,297</u>	<u>(5,413)</u>
Expenditures:			
Current:			
General government	57,327	43,978	13,349
Public safety	10,000	7,675	2,325
Culture and recreation	-	390	(390)
Intergovernmental grants	-	-	-
Capital outlay	-	3,957	(3,957)
Debt service:			
Principal maturity	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>67,327</u>	<u>56,000</u>	<u>11,327</u>
Excess (deficiency) of revenues over expenditures	(3,617)	2,297	5,914
Other financing sources(uses):			
Operating transfers in	13,764	13,639	(125)
Operating transfers (out)	<u>-</u>	<u>(3,511)</u>	<u>(3,511)</u>
Total other financing sources (uses)	<u>13,764</u>	<u>10,128</u>	<u>(3,636)</u>
Excess(deficiency) of revenues and other sources over expenditures and other uses	10,147	12,425	2,278
Fund balance(deficit) at beginning of year, as restated	<u>3,325</u>	<u>3,325</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,472</u>	<u>\$ 15,750</u>	<u>\$ 2,278</u>

The accompanying notes are an integral part of the financial statements.

<u>Special Revenue Fund</u>			<u>Debt Service Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 26,000	\$ 19,493	\$ (6,507)	\$ 2,323	\$ 2,323	\$ -
-	-	-	-	-	-
-	11,582	11,582	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,822	1,822	-	15	15
<u>26,000</u>	<u>32,897</u>	<u>6,897</u>	<u>2,323</u>	<u>2,338</u>	<u>15</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,582	(11,582)	-	-	-
-	-	-	1,000	1,000	-
-	-	-	650	600	50
-	<u>11,582</u>	<u>(11,582)</u>	<u>1,650</u>	<u>1,600</u>	<u>50</u>
26,000	21,315	(4,685)	673	738	65
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,000	21,315	(4,685)	673	738	65
<u>45,745</u>	<u>45,745</u>	<u>-</u>	<u>1,154</u>	<u>1,154</u>	<u>-</u>
<u>\$ 71,745</u>	<u>\$ 67,060</u>	<u>\$ (4,685)</u>	<u>\$ 1,827</u>	<u>\$ 1,892</u>	<u>\$ 65</u>

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		Variance Favorable (unfavorable)
	Budget	Actual	
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	13,074	14,135	1,061
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>

The accompanying notes are an integral part of the financial statements.

<u>Special Revenue Fund</u>			<u>Debt Service Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 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>3,325</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
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,000	20,443	6,443	490	495	5
<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>\$ -</u>

Village of Fenton, Louisiana

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

Years Ended May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services	\$ 63,754	\$ 60,099
 Operating expenses:		
Personal services	13,904	12,298
Payroll taxes	1,398	1,757
License/permits	375	-
Bad debts	2,712	-
Repairs and maintenance	9,916	9,641
Supplies	7,296	7,324
Heat, light and power	9,017	1,675
Miscellaneous	-	591
Depreciation	<u>18,763</u>	<u>16,476</u>
Total operating expenses	<u>63,381</u>	<u>49,762</u>
 Operating income (loss)	<u>373</u>	<u>10,337</u>
 Nonoperating revenues (expenses):		
Interest and fiscal charges	<u>(2,561)</u>	<u>(5,381)</u>
Total nonoperating revenues (expenses)	<u>(2,561)</u>	<u>(5,381)</u>
 Income (loss) before operating transfers	(2,188)	4,956
 Operating transfers:		
Operating transfer (to) from other funds	<u>(13,639)</u>	<u>(11,830)</u>
Net income (loss)	(15,827)	(6,874)
 Retained earnings (deficit) at beginning of year	<u>(98,910)</u>	<u>(92,036)</u>
 Retained earnings (deficit) at end of year	<u>\$ (114,737)</u>	<u>\$ (98,910)</u>

The accompanying notes are an integral part of the financial statements.

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

Village of Fenton, Louisiana

STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE

Years Ended May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 373	\$ 10,337
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	18,763	16,476
Bad debts	2,712	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,947)	(227)
Increase (decrease) in accounts payable	106	(5,916)
Increase (decrease) in accrued expenses	194	2
Net cash provided by operating activities	<u>19,201</u>	<u>20,672</u>
Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	<u>(13,639)</u>	<u>(11,380)</u>
Net cash used by noncapital financing activities	<u>(13,639)</u>	<u>(11,380)</u>
Cash flows from capital financing activities:		
Principal payment on revenue bonds	(3,000)	(3,000)
Interest payment on revenue bonds	<u>(2,452)</u>	<u>(5,430)</u>
Net cash used by capital financing activities	<u>(5,252)</u>	<u>(8,430)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	310	412
Cash and cash equivalents at beginning of year	<u>845</u>	<u>433</u>
Cash and cash equivalents at end of year	<u>\$ 1,155</u>	<u>\$ 845</u>

The accompanying notes are an integral part of the financial statements.

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

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS
May 31, 1999 and 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, 1999 and 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, 1999 and 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, 1999 and 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 years ended May 31, 1999 and 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 Village Council 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, 1999 and 1998, the Village has \$92,762 and \$62,767, respectively, in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

Continued

Village of Fenton, Louisiana

NOTES TO FINANCIAL STATEMENTS

May 31, 1999 and 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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.

8. 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.

9. 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, 1999 and 1998

NOTE B - PROPERTY TAXES

For the years ended May 31, 1999 and 1998, taxes were levied on property as follows:

	<u>Millage</u>		<u>Assessed Valuations</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
General corporate purposes	9.43	9.45	\$ 601,250	\$ 521,220
Debt service	<u>4.00</u>	<u>4.00</u>	601,250	521,220
	13.43	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 two years ended May 31, 1999:

	<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	11,995	49,000	60,995
Bonds retired	<u>995</u>	<u>3,000</u>	<u>3,995</u>
 Bonds payable at May 31, 1999	 <u>\$ 11,000</u>	 <u>\$ 46,000</u>	 <u>\$ 57,000</u>

The annual requirements to amortize all debt outstanding, including interest, as of May 31, 1999 and 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	1,400	5,800	7,200
2004	<u>1,350</u>	<u>5,600</u>	<u>6,950</u>
	 <u>\$ 8,850</u>	 <u>\$ 33,300</u>	 <u>\$ 42,150</u>

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS
May 31, 1999 and 1998

NOTE C - LONG TERM DEBT - CONTINUED

Bonds payable at May 31, 1999 and 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.)

	<u>1999</u>	<u>1998</u>
The Debt Service Fund had \$1,892 and \$1,154 available to service the general obligation bonds at May 31, 1999 and 1998, respectively	<u>\$ 11,000</u>	<u>\$ 11,995</u>
Revenue bonds: \$88,000, 1971 Water Revenue bonds due in varying annual installments through January 1, 2010; interest at 5 percent.	<u>\$ 46,000</u>	<u>\$ 49,000</u>

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 two years ended May 31, 1999:

	Balance <u>May 31, 1997</u>	1998 Net Additions/ (Deletions)	1999 Net Additions/ (Deletions)	Balance <u>May 31, 1999</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	3,670	35,539
Office furniture and equipment	<u>5,759</u>	<u>307</u>	<u>255</u>	<u>6,321</u>
	<u>\$ 118,821</u>	<u>\$ 15,574</u>	<u>\$ 3,925</u>	<u>\$ 138,320</u>

Continued

Village of Fenton, Louisiana
NOTES TO FINANCIAL STATEMENTS
May 31, 1999 and 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 two years ended May 31, 1999:

	Balance May 31, 1997	1998 Net Additions	1999 Net Additions	Balance May 31, 1999
Land	\$ 14,790	\$ -	\$ -	\$ 14,790
Equipment	832,204	-	392,130	1,224,334
Office furniture and fixtures	<u>249</u>	<u>-</u>	<u>-</u>	<u>249</u>
	847,243	\$ -	\$ 392,130	1,239,373
Less: Accumulated depreciation	<u>137,613</u>	<u>-</u>	<u>392,130</u>	<u>172,851</u>
	<u>\$ 709,630</u>			<u>\$ 1,066,522</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, 1999 and 1998

NOTE F - RETAINED EARNINGS/FUND BALANCE DEFICITS

The retained earnings of the proprietary fund type has a deficit of \$114,737 and \$98,910 at May 31, 1999 and 1998, respectively. The Village intends to eliminate the deficit through future operating income.

The capital projects fund had a deficit balance of \$11 at May 31, 1998. This deficit was eliminated through interfund transfers.

NOTE G - 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, 1999, the Village had received \$392,130 from this grant and expect to receive no additional funds.

In August 1999, the Village was awarded a Louisiana Community Development Block Grant in the amount of \$220,000 for street improvements. The initial activities associated with this grant were begun subsequent to May 31, 1999.

SUPPLEMENTAL INFORMATION

Village of Fenton, Louisiana
VILLAGE COUNCIL-PER DIEM
Years Ended May 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Eddie B. Alfred	\$ 1,200	\$ 1,200
Anthony Howard	1,200	1,200
Janet Manuel	<u>1,200</u>	<u>1,200</u>
	<u>\$ 3,600</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.

Village of Fenton, Louisiana

AGING OF ACCOUNTS RECEIVABLE - ENTERPRISE FUND

May 31, 1999

	<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - over</u>	<u>Total</u>
Accounts Receivable, gross	\$ 5,175	\$ 1,828	\$ 838	\$ 1,283	\$ 9,124

Village of Fenton, Louisiana

SCHEDULE OF INSURANCE COVERAGE

May 31, 1999

	<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, 2001
Products/Completed operation	\$500,000 in the aggregate - bodily injury and physical damage	September 24, 2001
Medical payments	\$1,000 per person \$10,000 per accident	September 24, 2001
Fire legal liability	\$50,000 per occurrence	September 24, 2001

Village of Fenton, Louisiana

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

May 31, 1999

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

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.
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
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

November 19, 1999

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

We have audited the general purpose financial statements of Village of Fenton, Louisiana as of and for the two years ended May 31, 1999, and have issued our report thereon dated November 19, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Village of Fenton, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 1998-1, 1998-2 and 1999-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Fenton, Louisiana's internal control structure over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant

deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Village of Fenton, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 1999-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Gregory Casiday & Guillory". The signature is written in a cursive style with a vertical line separating the two names.

Village of Fenton, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Two Years Ended May 31, 1999

1998-1 - Public Bid Law

Finding: In one instance, the Village did not comply with the public bid law (LRS 38:2212). The transaction occurred during the year ended May 31, 1998 and involved the purchase of a tractor and implement of which the combined purchase price totaled \$15,095. Quotes were originally obtained and the Village Council approved the purchase for \$14,995 on February 10, 1998. However, the ultimate purchase price as indicated by invoice was \$15,095 due to a change in the quoted price of the implement. Since the ultimate cost exceeded \$15,000, the equipment purchase should have been advertised in accordance with LRS 38:2212.

1998-2 – Budgeting

Finding: For the year ended May 31, 1998, actual expenditures for the general fund exceeded budgeted expenditures by more than 5%. In accordance with LRS 39:1310, when such events occur, the Mayor should notify the Village Council in writing so that amendments to the budget may be made as necessary. No written notification was noted.

1999-1 – Internal Control Over Disbursements

Finding: We noted an instance in which post dated checks were issued and cleared the bank prior to the date reflected on said check. A check in the amount of \$185 was dated June 1, 1999; however, the check cleared the bank on May 28, 1999. The check in question was reflected as a reconciling item in determining the book balance of cash at May 31, 1999.

1999-2 – Budgeting

Finding: For the year ended May 31, 1999, budgeted revenues in the general fund exceeded actual revenues by more than 5%. In accordance with LRS 39:1310, when such events occur, the Mayor should notify the Village Council in writing so that amendments to the budget may be made as necessary. No written notification was noted.

Village of Fenton, Louisiana
SCHEDULE OF PRIOR YEAR FINDINGS
Two Years Ended May 31, 1999

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.

Village of Fenton, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN

Two Years Ended May 31, 1999

Finding 1998-1 – Public Bid Law

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.

Finding 1998-2 – Budgeting

We were unaware that the described situation called for written notification to the Board of Aldermen. Please note that the Board of Aldermen is kept abreast of all financial issues as they occur. We have recently purchased a computer system which we plan to utilize in the more accurate tracking of budgeted items. If necessary future budgeting discrepancies will be brought to the attention of the Board by written communication.

Finding 1999-1- Internal Control Over Disbursements

The transaction at issue is not a normally recurring practice. We have discussed this issue with our auditors. We will take steps to ensure that post dated checks will not be issued in the future.

Finding 1999-2 – Budgeting

We were unaware that the described situation called for written notification to the Board of Aldermen. Please note that the Board of Aldermen is kept abreast of all financial issues as they occur. We have recently purchased a computer system which we plan to utilize in the more accurate tracking of budgeted items. If necessary future budgeting discrepancies will be brought to the attention of the Board by written communication.


Honorable Frank Broxton, Mayor