

VILLAGE OF FENTON, LOUISIANA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017

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DONALD R. FORD

**CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY
MEMBER**

AMERICAN INSTITUTE OF CPAS
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Independent Auditor's Report

To the Honorable Eddie Alfred, Jr., Mayor and the Village Council
Village of Fenton, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of net position of the governmental activities, business type activities, and the balance sheet of each major fund, and the aggregate remaining fund information of the Village of Fenton, Louisiana, as of and for the year ended June 30, 2017, and was engaged to audit the related statements of activities of the governmental activities and business-type activities and the statement of revenues, expenditures, and changes in fund balances and statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information and cash flows or the consistency of application of accounting principles with the preceding year.

I conducted my audit of the statement of net position and the balance sheet in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the statement of net position and the balance sheet are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,

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the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Disclaimer of Opinion on the Results of Operations, Cash Flows, and Consistency

The predecessor auditor issued a disclaimer of opinion on the financial statements of the Village as of June 30, 2016, and for the year then ended. As such, I have not applied audit procedures necessary to obtain sufficient appropriate audit evidence about the classifications and amounts comprising the balance sheet at June 30, 2016.

Disclaimer of Opinion on Results of Operations, Cash Flows, and Consistency

Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions on the results of operations and cash flows for the governmental activities and business-type activities, where applicable, for the year ended June 30, 2017, or on the consistency of application of accounting principles within the preceding year. Accordingly, I do not express an opinion on the results of operations and cash flows for the governmental activities and business-type activities, where applicable, for the year ended June 30, 2017, or on the consistency of application of accounting principles within the preceding year.

Opinion on the Balance Sheet

In my opinion, the statement of net position and balance sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of the Village as of June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, beginning on page 7, and budgetary comparison Information on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Village of Fenton, Louisiana's basic financial statements. The accompanying schedules listed as Other Information in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying schedules listed as Other Information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying schedules listed as Other Information in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2019, on my consideration of the Village of Fenton, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Fenton, Louisiana's internal control over financial reporting and compliance.

Donald R. Ferd, CPA LLC

Zachary, Louisiana
January 31, 2019

REQUIRED SUPPLEMENTAL INFORMATION (Part I)

MANAGEMENT DISCUSSION AND ANALYSIS

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The Management's Discussion and Analysis (MD&A) for the Village of Fenton is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Village's financial activities;
3. Identify changes in the Village's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

As management of the Village of Fenton, we offer readers of the Financial Statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2017.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the Village's financial activities. The Village's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled "Government-Wide Financial Analysis".

1. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed by GASB Statement No. 34 to present the financial operations of the Village as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The focus is on the government-wide (entity-wide) "Statement of Net Position" and "Statement of Activities" to give the reader a broad overview of the Village's financial position and results of operations.

- a. The Statement of Net Position presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

- b. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, public works and streets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

2. Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village of Fenton uses two categories of funds to account for financial transactions: governmental funds, and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The Village of Fenton's governmental funds include the following:

- a. General Fund used for accounting for the Village's basic services.
- b. Special Revenue Fund – Sales Tax Fund is used for accounting for the receipts and disbursements of the sales tax monies.
- c. Capital Projects Fund used for accounting for financial transactions under a Louisiana Community Development Block Grant.
- d. Debt Service Fund used for accounting for the transfers and payments of monies used to retire debt of the Village.

The Proprietary Fund accounts for water and sewer services for the Village of Fenton. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

3. Notes to the Financial Statements

The Notes to the Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements.

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information concerning the Village's budget presentations. Budgetary comparison statements are included as "Required Supplementary Information (Part II)" for the general and special revenue funds. These schedules demonstrate compliance with the Village's adopted and final revised budget.

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the Village's assets exceeded its liabilities by \$3,159,890 (net position); this represents a decrease of \$ 12,281 from last fiscal year.

The Village's net positions are comprised of \$2,369,997 from governmental activities and \$789,893 from business-type activities.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The following is a condensed statement of the Village's net position as of June 30, 2017:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>(Primary Government) Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 1,834,497	\$ 149,059	\$ 1,984,056	53%
Capital assets	<u>1,003,073</u>	<u>728,141</u>	<u>1,731,214</u>	<u>47%</u>
Total Assets	<u>2,838,070</u>	<u>877,200</u>	<u>3,715,270</u>	<u>100%</u>
Liabilities:				
Current liabilities	468,073	87,307	555,380	100%
Total Liabilities	<u>468,073</u>	<u>87,307</u>	<u>555,380</u>	<u>100%</u>
Net Position:				
Net investment in capital assets	1,003,073	728,141	1,731,214	55%
Restricted	8,363	-	8,363	0%
Unrestricted	<u>1,358,561</u>	<u>61,752</u>	<u>1,420,313</u>	<u>45%</u>
Total Net Position	<u>\$ 2,369,997</u>	<u>\$ 789,893</u>	<u>\$ 3,159,890</u>	<u>100%</u>

The Village's net position at June 30, 2016, was \$3,172,171. The following is a condensed statement of the Village's net position as of June 30, 2016:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 1,349,462	\$ 97,224	\$ 1,446,686	44%
Capital assets	<u>1,101,744</u>	<u>755,965</u>	<u>\$ 1,857,709</u>	<u>56%</u>
Total Assets	<u>2,451,206</u>	<u>853,189</u>	<u>3,304,395</u>	<u>100%</u>
Liabilities:				
Current liabilities	122,389	4,313	126,702	96%
Long-term liabilities	<u>5,522</u>	<u>-</u>	<u>5,522</u>	<u>4%</u>
Total Liabilities	<u>127,911</u>	<u>4,313</u>	<u>132,224</u>	<u>100%</u>
Net Position:				
Net investment in capital assets	1,096,222	755,965	1,852,187	58%
Restricted	94,699	-	94,699	3%
Unrestricted	<u>1,132,374</u>	<u>92,911</u>	<u>1,225,285</u>	<u>39%</u>
Total Net Position	<u>\$ 2,323,295</u>	<u>\$ 848,876</u>	<u>\$ 3,172,171</u>	<u>100%</u>

VILLAGE OF FENTON, LOUISIANA
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For the Year Ended June 30, 2017

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Village's current ratio as of June 30, 2017 is 3.92 to 1 for governmental activities and 1.71 to 1 for business-type activities. The current ratio as of June 30, 2016 is 11.03 to 1 for governmental activities and 22.54 to 1 for business-type activities. The Village's overall current ratio is 3.57 to 1 as of June 30, 2017, and 11.42 to 1 as of June 30, 2016. These ratios indicate a good current financial position.

The Village reported positive balances in net position for both governmental and business-type activities for the years ended June 30, 2017 and 2016. Net position increased in governmental activities by \$49,702 and decreased in business-type activities by \$58,983. The Village's total net position decreased by 0.39% during the fiscal year ending June 30, 2017.

The largest category of net position is "Net Investment in Capital Assets", and comprises 55% of net position. This category reflects the total invested in capital assets (land, buildings, equipment, infrastructure, utility system improvements, etc.). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The following is a condensed statement of the Village's activities for the year ended June 30, 2017:

<u>Revenues:</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Percentage</u>
	<u>Activities</u>	<u>Activities</u>		
Functions/Programs:				
Charges for services	\$ 1,234,521	\$ 87,690	\$ 1,322,211	87%
Operating grants and contributions	29,701	30,858	60,559	4%
Capital grants and contributions	-	-	-	
General:				
Property tax	8,537	-	8,537	1%
Sales tax	34,054	-	34,054	2%
Licenses and permits	1,185	-	1,185	0%
Other taxes, penalties, interest, etc.	36,230	-	36,230	2%
Interest	91	-	91	0%
Miscellaneous	<u>62,703</u>	<u>1,375</u>	<u>64,078</u>	<u>4%</u>
Total Revenues	<u>1,407,022</u>	<u>119,923</u>	<u>1,526,945</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	1,703,210	-	1,703,210	76%
Public safety:				
Police	403,299	-	403,299	18%
Water and Sewer	<u>-</u>	<u>142,293</u>	<u>142,293</u>	<u>6%</u>
Total Program Expenses	<u>2,106,509</u>	<u>142,293</u>	<u>2,248,802</u>	<u>100%</u>
Excess (Deficiency)	(699,487)	(22,370)	(721,857)	
Transfers In (Out)	<u>(2,613)</u>	<u>2,613</u>	<u>-</u>	
Change in Net Position	(702,100)	(19,757)	(721,857)	
Beginning Net Position, restated	<u>3,072,097</u>	<u>809,650</u>	<u>3,881,747</u>	
Ending Net Position	<u>\$ 2,369,997</u>	<u>\$ 789,893</u>	<u>\$ 3,159,890</u>	

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The following is a condensed statement of the Village's activities for the year ended June 30, 2016:

<u>Revenues:</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Percentage</u>
	<u>Activities</u>	<u>Activities</u>		
Programs:				
Charges for services	\$ 1,031,861	\$ 90,030	\$ 1,121,891	89%
Operating grants and contributions	54,341	-	54,341	4%
General:				
Property tax	17,365	-	17,365	1%
Franchise tax	12,446	-	12,446	1%
Sales tax	32,930	-	32,930	3%
Licenses and permits	1,000	-	1,000	0%
Intergovernmental - state revenue sharing	650	-	650	0%
Interest	210	-	210	0%
Other	<u>23,196</u>	<u>-</u>	<u>23,196</u>	<u>2%</u>
Total Revenues	<u>1,173,999</u>	<u>90,030</u>	<u>1,264,029</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	556,873	-	556,873	56%
Public safety:			-	
Police	333,441	-	333,441	34%
Water and Sewer	<u>-</u>	<u>102,888</u>	<u>102,888</u>	<u>10%</u>
Total Program Expenses	<u>890,314</u>	<u>102,888</u>	<u>993,202</u>	<u>100%</u>
Excess (Deficiency)	<u>283,685</u>	<u>(12,858)</u>	<u>270,827</u>	
Transfers In (Out)	(26,686)	26,686	-	
Change in Net Position	256,999	13,828	270,827	
Beginning Net Position	<u>2,066,296</u>	<u>835,048</u>	<u>2,901,344</u>	
Ending Net Position	<u>\$ 2,323,295</u>	<u>\$ 848,876</u>	<u>\$ 3,172,171</u>	

The Condensed Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The condensed format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the Village's overall governmental or business-type activities. Expenses are presented on a functional basis.

As noted above, there are two categories of revenues on the Statement of Activities – “Program Revenues” and “General Revenues”. “Program Revenues” derive directly from the program itself or from parties outside the Village’s taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government’s “General Revenues”. “Program Revenues” are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. The major revenues in governmental activities for the Village in the Charges for Services sub-category are \$ 1,234,521 for police and court fines for the fiscal year ended June 30, 2017, and \$ 1,031,861 for police and court fines for the fiscal year ended June 30, 2016. Revenues in

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

the Operating Grants and Contributions sub-category consist of \$29,701 and \$54,341 for the fiscal years ended June 30, 2017 and 2016, respectively. "Revenues" include all revenues not required to be reported as "Program Revenues". All taxes are to be reported by type. The major tax revenues for the Village of Fenton are sales tax revenues of \$34,054, and property taxes of \$8,537 for the year ended June 30, 2017. The major tax revenues for the year ended June 30, 2016, are sales tax revenues of \$32,930, and property taxes of \$17,365. Other "General Revenues" reported for the year ended June 30, 2017 includes \$91 in interest income, and \$62,703 in miscellaneous revenues.

"Program Expenses" for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$2,248,802 and \$993,202 for the fiscal years ended June 30, 2017 and 2016, respectively.

Business-Type Activities provided by the Village of Fenton consists of water and sewer utilities. All revenues are in the category of "Program Revenues", with the exceptions of miscellaneous income reported as "General Revenue". "Program Revenues" in the Charges for Services sub-category consists of billings of \$87,690 for water and sewer for the year ended June 30, 2017, and \$90,030 for the fiscal year ended June 30, 2016.

The Village reports the total amount of expenses for operation of the utility system as \$142,293 and \$102,888 for the years ended June 30, 2017 and 2016, respectively. The "Change in Net Position" (revenues less expenses) for the utility system was \$(19,757) and \$13,828 for the fiscal years ended June 30, 2017 and 2016, respectively.

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2017 was \$1,003,013 and \$728,141, respectively, and \$1,102,744 and \$755,965, respectively, as of June 30, 2016. For the year ended June 30, 2017, net investment for governmental type activities decreased by 9.04% while net investment for business-type activities decreased by 3.68%. There was an overall decrease in capital asset investment for the Village as a whole of 6.86% for the year ended June 30, 2017.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The following tables provide a summary of capital asset activity for 2017:

	<u>Balance</u> <u>7/1/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 35,065	\$ -	\$ -	\$ 35,065
Other capital assets:				
Buildings	1,269,591	30,000	-	1,299,591
Machinery	326,993	-	-	326,993
Furniture	<u>301,747</u>	<u>-</u>	<u>-</u>	<u>301,747</u>
Totals	<u>1,898,331</u>	<u>30,000</u>	<u>-</u>	<u>1,928,331</u>
Less accumulated depreciation:				
Buildings	361,973	59,767	-	421,740
Machinery	255,886	42,266	-	298,152
Equipment	<u>213,793</u>	<u>26,638</u>	<u>-</u>	<u>240,431</u>
Total accumulated depreciation	<u>831,652</u>	<u>128,671</u>	<u>-</u>	<u>960,323</u>
Governmental activities:				
Capital assets, net	<u>\$ 1,101,744</u>			<u>\$ 1,003,073</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,790	\$ -	\$ -	\$ 14,790
Other capital assets:				
Buildings	1,399,552	-	-	1,399,552
Furniture	249	-	-	249
Transportation	<u>28,630</u>	<u>-</u>	<u>-</u>	<u>28,630</u>
Totals	<u>1,428,431</u>	<u>-</u>	<u>-</u>	<u>1,428,431</u>
Less accumulated depreciation:				
Buildings	658,377	17,367	-	675,744
Furniture	249	-	-	249
Transportation	<u>28,630</u>	<u>10,457</u>	<u>-</u>	<u>39,087</u>
Total accumulated depreciation	<u>687,256</u>	<u>27,824</u>	<u>-</u>	<u>715,080</u>
Governmental activities:				
Capital assets, net	<u>\$ 755,965</u>			<u>\$ 728,141</u>

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The following tables provide a summary of capital asset activity for 2016:

	<u>Balance</u> <u>7/1/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 36,065	\$ -	\$ -	\$ 36,065
Construction-in-progress	59,485	-	-	59,485
Other capital assets:				
Buildings	1,210,106	-	-	1,210,106
Furniture	301,747	-	-	301,747
Transportation	<u>326,993</u>	<u>-</u>	<u>-</u>	<u>326,993</u>
Totals	<u>1,838,846</u>	<u>-</u>	<u>-</u>	<u>1,838,846</u>
Less accumulated depreciation:				
Buildings	308,888	53,085	-	361,973
Furniture	187,155	26,638	-	213,793
Transportation	<u>213,620</u>	<u>42,266</u>	<u>-</u>	<u>255,886</u>
Total accumulated depreciation	<u>709,663</u>	<u>121,989</u>	<u>-</u>	<u>831,652</u>
Governmental activities:				
Capital assets, net	<u>\$ 1,224,733</u>			<u>\$ 1,102,744</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,790	\$ -	\$ -	\$ 14,790
Other capital assets:				
Buildings	1,399,552	-	-	1,399,552
Furniture	249	-	-	249
Transportation	<u>28,630</u>	<u>-</u>	<u>-</u>	<u>28,630</u>
Totals	<u>1,428,431</u>	<u>-</u>	<u>-</u>	<u>1,428,431</u>
Less accumulated depreciation:				
Buildings	628,236	30,141	-	658,377
Furniture	249	-	-	249
Transportation	<u>22,904</u>	<u>5,726</u>	<u>-</u>	<u>28,630</u>
Total accumulated depreciation	<u>651,389</u>	<u>35,867</u>	<u>-</u>	<u>687,256</u>
Governmental activities:				
Capital assets, net	<u>\$ 791,832</u>			<u>\$ 755,965</u>

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Required Supplementary Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplementary Information. This Required Supplementary Information for the Village of Fenton includes the Budgetary Comparison Schedule for the general fund, and enterprise fund. The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's clerk at Village of Fenton, Louisiana.

Mayor, Village of Fenton, Louisiana
(337) 756-2321

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 1,459,519	\$ 124,581	\$ 1,584,100
Due from other funds	317,689	-	317,689
Accounts receivables, net	47,077	23,172	70,249
Prepays	10,712	1,306	12,018
Capital assets:			
Land	35,065	14,790	49,855
Construction in progress	-	-	-
Capital assets, net	968,008	713,351	1,681,359
Total assets	2,838,070	877,200	3,715,270
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Accounts and other accrued payables	239,936	1,426	241,362
Notes payable	-	-	-
Due to other funds	228,137	81,189	309,326
Customer deposits	-	4,692	4,692
Long-term liabilities:			
Due within one year	-	-	-
Due after one year	-	-	-
Total liabilities	468,073	87,307	555,380
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	1,003,073	728,141	1,731,214
Restricted	8,363	-	8,363
Unrestricted	1,358,561	61,752	1,420,313
Total net position	\$ 2,369,997	\$ 789,893	\$ 3,159,890

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

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contribution	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General and administrative	\$ 1,703,210	\$ -	\$ 29,701	\$ (1,673,509)		\$ (1,673,509)
Police	403,299	1,234,521		831,222		831,222
Interest on long-term debt	-					-
Total Governmental Activities	2,106,509	1,234,521	29,701	(842,287)	-	(842,287)
Business-type activities:						
Water and sewer	142,293	87,690	30,858		(23,745)	(23,745)
Interest on long-term debt	-	-	-	-	-	-
Total primary government	<u>2,248,802</u>	<u>1,322,211</u>	<u>60,559</u>	<u>(842,287)</u>	<u>(23,745)</u>	<u>(866,032)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				8,537	-	8,537
Sales and use taxes, levied for general purposes				34,054	-	34,054
Franchise taxes				28,908	-	28,908
Licenses and permits				1,185	-	1,185
Other taxes, penalties, interest, etc.				7,322	-	7,322
Intergovernmental - state revenue sharing				-	-	-
Interest				91		91
Miscellaneous				62,703	1,375	64,078
Transfers				(2,613)	2,613	-
Total general revenues				<u>140,187</u>	<u>3,988</u>	<u>144,175</u>
Change in net position				(702,100)	(19,757)	(721,857)
Net position - Beginning				<u>3,072,097</u>	<u>809,650</u>	<u>3,881,747</u>
Net position - Ending				<u>\$ 2,369,997</u>	<u>\$ 789,893</u>	<u>\$ 3,159,890</u>

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

VILLAGE OF FENTON, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTALS
ASSETS					
Cash	\$ 1,336,505	\$ 95,688	\$ 27,326	\$ -	\$ 1,459,519
Receivables:					-
Accounts	2,780	3,658	-	-	6,438
Other	40,639	-	-	-	40,639
Prepaid insurance	10,712	-	-	-	10,712
Due from other funds	307,350	968	1,008	8,363	317,689
Total assets	<u>1,697,986</u>	<u>100,314</u>	<u>28,334</u>	<u>8,363</u>	<u>1,834,997</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 1,697,986</u>	<u>\$ 100,314</u>	<u>\$ 28,334</u>	<u>\$ 8,363</u>	<u>\$ 1,834,997</u>
LIABILITIES					
Accounts payable	\$ 238,968	\$ 968	\$ -	\$ -	\$ 239,936
Due to other funds	18,276	1,008	208,853	-	228,137
Total liabilities	<u>257,244</u>	<u>1,976</u>	<u>208,853</u>	<u>-</u>	<u>468,073</u>
DEFERRED INFLOWS OF RESOURCES					
	-	-	-	-	-
FUND BALANCES					
Assigned	-	98,338	(180,519)	8,363	(73,818)
Unassigned	1,440,742	-	-	-	1,440,742
Total fund balances	<u>1,440,742</u>	<u>98,338</u>	<u>(180,519)</u>	<u>8,363</u>	<u>1,366,924</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 1,697,986</u>	<u>\$ 100,314</u>	<u>\$ 28,334</u>	<u>\$ 8,363</u>	<u>\$ 1,834,997</u>

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

VILLAGE OF FENTON, LOUISIANA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balance for governmental fund at June 30, 2017:		\$ 1,366,924
Total net position reported for governmental activities in the statements of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 35,065	
Construction in progress	-	
Capital assets, net of \$960,265 accumulated depreciation	<u>968,008</u>	1,003,073
Long-term liabilities at June 30, 2017:		
Bonds payable		<u>-</u>
Total net position of governmental activities at June 30, 2017		<u>\$ 2,369,997</u>

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

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTALS</u>
REVENUES					
Taxes	\$ 78,821	\$ -	\$ -	\$ -	\$ 78,821
Licenses and permits	1,185	-	-	-	1,185
Intergovernmental	2,325	-	27,376	-	29,701
Fines	1,234,521	-	-	-	1,234,521
Interest	91	-	-	-	91
Miscellaneous	43,526	19,138	39	-	62,703
TOTAL REVENUES	<u>1,360,469</u>	<u>19,138</u>	<u>27,415</u>	<u>-</u>	<u>1,407,022</u>
EXPENDITURES					
Current					
General and administrative	1,358,311	7,264	208,964		1,574,539
Police	403,299				403,299
Capital outlay	91,716				91,716
Debt service					
Principal					-
Interest					-
TOTAL EXPENDITURES	<u>1,853,326</u>	<u>7,264</u>	<u>208,964</u>	<u>-</u>	<u>2,069,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(492,857)	11,874	(181,549)	-	(662,532)
OTHER FINANCING SOURCES (USES)					
Proceeds from borrowings					-
Operating transfers in	175,950				175,950
Operating transfers out	(177,532)	(992)	(39)		(178,563)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,582)</u>	<u>(992)</u>	<u>(39)</u>	<u>-</u>	<u>(2,613)</u>
NET CHANGES IN FUND BALANCES	(494,439)	10,882	(181,588)	-	(665,145)
FUND BALANCES, BEGINNING	<u>1,937,076</u>	<u>87,456</u>	<u>1,069</u>	<u>8,363</u>	<u>2,033,964</u>
FUND BALANCES, ENDING	<u>\$ 1,442,637</u>	<u>\$ 98,338</u>	<u>\$ (180,519)</u>	<u>\$ 8,363</u>	<u>\$ 1,368,819</u>

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

VILLAGE OF FENTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per		
Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (665,145)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay, which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	91,716	
Depreciation expense for the period ended June 30, 2017	<u>(128,671)</u>	(36,955)
Governmental funds reported bonded debt repayments as expenditures. However, this expenditure does not appear in the Statement of Activities since the payment is applied against the bond payable in the Statement of Net Assets.		
		<u>-</u>
Total changes in net assets at June 30, 2017 per Statement of Activities		<u>\$ (702,100)</u>

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

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2017

ASSETS

Current assets		
Cash and cash equivalents	\$	124,581
Receivables, accounts, net		23,172
Prepaid insurance		1,306
Total current assets		<u>149,059</u>
Fixed assets, net of accumulated depreciation		<u>728,141</u>
Total assets		<u>877,200</u>

DEFERRED OUTFLOWS OF RESOURCES		<u>-</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	<u>877,200</u>
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LIABILITIES

Current liabilities		
Accounts payable		1,426
Notes payable		-
Due to other funds		81,189
Customer deposits		4,692
Current portion of long-term debt		-
Total current liabilities		<u>87,307</u>

Long-term debt, net of current portion		-
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DEFERRED INFLOWS OF RESOURCES		<u>-</u>
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NET POSITION

Investment in capital assets, net of related debt		728,141
Unrestricted		61,752
Total net position		<u>789,893</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$	<u>877,200</u>
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The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - PROPRIETARY
FUND Year Ended June 30, 2017

OPERATING REVENUES	
Water sales	\$ 58,060
Sewer service charges	29,630
Miscellaneous	<u>1,375</u>
Total Operating Revenues	<u>89,065</u>
 OPERATING EXPENSES	
Salaries, wages and employee benefits	25,986
Contractual Services, materials and supplies	58,708
Depreciation	27,824
Insurance and other expenses	<u>29,775</u>
Total Operating Expenses	<u>142,293</u>
OPERATING INCOME (LOSS)	(53,228)
 NON-OPERATING REVENUES (EXPENSES)}	
State grant	<u>30,858</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(22,370)
Operating transfers in, net	<u>2,613</u>
CHANGE IN NET POSITION	(19,757)
NET POSITION, BEGINNING	<u>809,650</u>
NET POSITION, ENDING	<u><u>\$ 789,893</u></u>

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

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 80,947
Payments to suppliers	(57,282)
Payments to employees	(84,978)
Other operating receipts	82,537
Net cash flows from operating activities	21,224
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash received from state grant	19,766
Net cash flows from non-capital financing activities	19,766
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on debt	-
Interest paid on debt	-
Net cash flows from capital and related financing activities	-
NET INCREASE (DECREASE) IN CASH	40,990
CASH - BEGINNING	83,591
CASH - ENDING	\$ 124,581
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ (53,228)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	27,824
(Increase) decrease in receivables	(11,110)
(Increase) decrease in prepaids	265
Increase (decrease) in accounts payable and accrued expenses	57,473
Net cash from operating activities	\$ 21,224

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

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Fenton, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the 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, and (d) organizations that are closely related to, or financially integrated with the primary government.

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. The basic criteria are as follows:

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.

Basis of Presentation

The accompanying financial statements of the Village of Fenton (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Government-Wide and Fund Financial Statements

The government-wide financial statements (GWFS i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Governmental Funds

General Fund - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

- Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payments of, general long term debt principal, interest and related costs.
- Capital Projects Funds - These funds are used to account for the financial resources used for the acquisition or construction of major capital facilities.

Proprietary Fund

- Enterprise Fund - This 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 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due with the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Village's proprietary fund consist of charges to customers and users of its water services. Operating expenses for the Village's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets and Budgetary Accounting

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

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

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

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

The budget has not been published during 2017.

Cash and Cash Equivalents, and Investments

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.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Village had \$ 1,578,213 in deposits (collected bank balances), of which \$ 250,000 is secured from risk by federal deposit insurance, and the balance of \$1,328,213 is secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

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.

Interfund Receivables/Payables

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

Accounts Receivable

Accounts receivable in the proprietary fund includes all amounts due from the customers of the Village's water and sewer systems. The Village provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. This amount is \$ 4,091 as of June 30, 2017.

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

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

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	10-50 years
Furniture and equipment	3-10 years
Transportation equipment	5-7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No liability/expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement. At June 30, 2017 the Village's liability for compensated absences was \$ 0.

Long-Term Debt

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

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

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

Fund Balance and Equity Classifications

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

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement to those assets.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net assets that do not meet the definition of the above mentioned categories

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned Fund Balance - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town's aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Village to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Village that the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Sales Taxes

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

Revenues, Expenditures, and Expenses

Program Revenues

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

Revenues

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

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Expenditures

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

Other Financing Sources

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

Note 2 – Property Taxes

Taxes were levied on property as follows:

	Millage	Assessed Valuations
General corporate purposes	8.02	\$ 1,064,480

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.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 3 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 35,065	\$ -	\$ -	\$ 35,065
Other capital assets:				
Buildings and improvements	1,269,591	30,000	-	1,299,591
Furniture and fixtures	301,747	-	-	301,747
Machinery and equipment	326,993	-	-	326,993
Totals	<u>1,933,396</u>	<u>30,000</u>	<u>-</u>	<u>1,963,396</u>
Less accumulated depreciation:				
Buildings and improvements	(361,973)	(59,767)	-	(421,740)
Furniture and fixtures	(213,793)	(26,638)	-	(240,431)
Machinery and equipment	<u>(255,886)</u>	<u>(42,266)</u>	<u>-</u>	<u>(298,152)</u>
Total accumulated depreciation	<u>(831,652)</u>	<u>(128,671)</u>	<u>-</u>	<u>(960,323)</u>
Governmental activities:				
Capital assets, net	<u>\$ 1,101,744</u>	<u>\$ (98,671)</u>	<u>\$ -</u>	<u>\$ 1,003,073</u>
	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,790	\$ -	\$ -	\$ 14,790
Other capital assets:				
Buildings and plant	1,399,552	-	-	1,399,552
Furniture and equipment	249	-	-	249
Transportation equipment	28,630	-	-	28,630
Totals	<u>1,443,221</u>	<u>-</u>	<u>-</u>	<u>1,443,221</u>
Less accumulated depreciation:				
Buildings and plant	(658,377)	(17,367)	-	(675,744)
Furniture and equipment	(249)	-	-	(249)
Transportation equipment	<u>(28,630)</u>	<u>(10,457)</u>	<u>-</u>	<u>(39,087)</u>
Total accumulated depreciation	<u>(687,256)</u>	<u>(27,824)</u>	<u>-</u>	<u>(715,080)</u>
Business-type activities:				
Capital assets, net	<u>\$ 755,965</u>	<u>\$ (27,824)</u>	<u>\$ -</u>	<u>\$ 728,141</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 92,169
Police	<u>36,502</u>
Total depreciation expense	<u>\$ 128,671</u>

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 4 – 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 5 – Commitments and Contingencies

The City received funding under grants from various federal and state agencies. The agency grants specify the purpose for which the grant monies are to be used. These grants are subject to audit by the granting agency or its representative.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 6 – Schedule of Insurance Coverage

The schedule of insurance coverage as of June 30, 2017 is as follows:

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$500,000 bodily injury and physical damage	March 19, 2018
Commercial general liability:		
Premises/operations	\$500,000 per occurrence - bodily injury and physical damage	March 19, 2018
Products/Completed operation	\$500,000 in the aggregate - bodily injury and physical damage	March 19, 2018
Medical payments	\$1,000 per person \$10,000 per accident	March 19, 2018
Fire legal liability	\$50,000 per occurrence	March 19, 2018
Commercial property	\$150,000 building \$20,000 contents	March 19, 2018
Surety bond	\$10,000	May 19, 2018
Workers compensation	\$100,000/\$500,000/\$100,000	September 24, 2017

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 7 – Schedule of Rates and Number of Customers

At June 30, 2017, the number of customers was as follows:

Residential	–	168
Commercial	–	3

The schedule of rates for the proprietary fund is as follows:

Sewer:

Residential:		
In-Town		\$12.50, first 2,000 gallons 2.00 per 1,000 gallons thereafter, up to 10,000 gallons
Out-of-Town		\$15.00, first 2,000 gallons 2.00 per 1,000 gallons thereafter, up to 10,000 gallons
Commercial:		\$15.00, first 2,000 gallons 2.00 per 1,000 gallons thereafter, up to 10,000 gallons 1.00 per 1,000 gallons after 10,000 gallons

Water:

Residential:		
In-Town		\$12.50 first 2,000 gallons 5.00 per 1,000 gallons thereafter
Out-of-Town		\$15.00 first 2,000 gallons 5.50 per 1,000 gallons thereafter
Commercial:		
In-Town		\$18.00 first 2,000 gallons 6.00 per 1,000 gallons thereafter
Out-of-Town		\$20.00 first 2,000 gallons 6.00 per 1,000 gallons thereafter

Note 8 - Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2017.

Note 9 – Subsequent Events

Management of the Village of Fenton has evaluated subsequent events **through January 31, 2019**, the date which the financial statements were available to be issued. The Village is not aware of any subsequent events which would require recognition of disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

VILLAGE OF FENTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
AND SPECIAL REVENUE FUND
Year Ended June 30, 2017

	General Fund				Special Revenue Fund			
	Budget		Actual	Variance Favorable (Unfavorable)	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 42,168	\$ 42,168	\$ 78,821	\$ 36,653	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,000	1,000	1,185	185	-	-	-	-
Intergovernmental	-	-	64,041	64,041	-	-	-	-
Fines	725,000	725,000	1,234,521	509,521	-	-	-	-
Miscellaneous	6,800	6,800	43,526	36,726	-	-	19,138	19,138
Interest	-	-	91	91	-	-	-	-
Total revenues	<u>774,968</u>	<u>774,968</u>	<u>1,422,185</u>	<u>647,217</u>	<u>-</u>	<u>-</u>	<u>19,138</u>	<u>19,138</u>
Expenditures:								
Current:								
General government	438,925	438,925	1,388,311	949,386	-	-	7,264	7,264
Public safety	321,500	321,500	403,299	81,799	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>760,425</u>	<u>760,425</u>	<u>1,791,610</u>	<u>1,031,185</u>	<u>-</u>	<u>-</u>	<u>7,264</u>	<u>7,264</u>
Excess (deficiency) of revenues over expenditures	14,543	14,543	(369,425)	(383,968)	-	-	11,874	26,402
Other financing sources (uses):								
Proceeds from borrowing	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	(1,592)	(1,592)	-	-	(992)	(992)
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>(1,592)</u>	<u>(1,592)</u>	<u>-</u>	<u>-</u>	<u>(992)</u>	<u>(992)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	14,543	14,543	(371,017)	(385,560)	-	-	10,882	25,410
Fund balance at beginning of year (Restated)	<u>1,937,076</u>	<u>1,937,076</u>	<u>1,811,759</u>	<u>(125,317)</u>	<u>-</u>	<u>-</u>	<u>87,456</u>	<u>87,456</u>
Fund balance at end of year	<u>\$ 1,951,619</u>	<u>\$ 1,951,619</u>	<u>\$ 1,440,742</u>	<u>\$ (510,877)</u>	<u>-</u>	<u>-</u>	<u>98,338</u>	<u>112,866</u>

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

OTHER INFORMATION

VILLAGE OF FENTON, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head Name: Eddie Alfred, Jr., Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 36,054
Benefits - Insurance	3,946
Benefits - Retirement	-
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
	<u>\$ 40,000</u>

See Independent Auditor's Report

VILLAGE OF FENTON, LOUISIANA
Schedule of Compensation Paid to Council Members
For the Year Ended June 30, 2017

<u>Name</u>	<u>Amount</u>
Gwen Johnson	1,800
Mary Jones	3,300
Ollie Clophus	600
L. Dickens	1,500
C. B. Leday	1,200
C. Talbert	1,200
	<u>\$9,600</u>

See Independent Auditor's Report



DONALD R. FORD

**CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY
MEMBER**

AMERICAN INSTITUTE OF CPAS
SOCIETY OF LOUISIANA CPAS

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

January 31, 2019

To the Honorable Eddie Alfred, Jr., Mayor and the Village Council
Village of Fenton, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Village of Fenton, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village of Fenton, Louisiana's basic financial statements and have issued our report thereon dated January 31, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, we considered the Village of Fenton, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Fenton, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village of Fenton, Louisiana's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [2017-002, 2017-003, 2017-005, 2017-007, 2017-009].

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the

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deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies [2017-001].

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Village of Fenton, Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as findings [2017-004, 2017-006, 2017-008, 2017-010, 2017-011].

Village of Fenton, LA's Response to Findings

The Village of Fenton, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The Village of Fenton, Louisiana's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Donald R. Ford, CPA LLC

Zachary, Louisiana
January 31, 2019

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses a modified opinion on the financial statements of the Village of Fenton, Louisiana.
2. There were six (6) control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. Five (5) of these deficiencies are reported as material weaknesses.
3. There were five (5) instances of noncompliance that is reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Federal Awards

1. The entity reported they received less than \$750,000 in federal awards during the year ended June 30, 2017 and therefore is exempt from the audit requirements as required by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

c. Management Letter

1. No management letter was issued in connection with the audit for the year ended June 30, 2017.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

II. Findings — Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2017-001 Inadequate Segregation of Duties

Condition:

Because of the small size of the Village's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Management has since hired additional personnel to achieve appropriate segregation of duties. Management has also implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Effect:

Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management's Response:

See management's response letter.

2017-002 Bank Account Reconciliations Not Prepared Timely

Condition:

Bank account reconciliations were not prepared monthly during the fiscal year. They were subsequently prepared in the following fiscal year after engaging a CPA firm to perform these duties.

Criteria:

Bank account reconciliations should be prepared monthly and reconciled to balances on the general ledger.

Cause:

Inadequate internal controls and inadequate supervision.

Effect:

Without timely bank reconciliations, errors or misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

Bank reconciliations should be performed monthly, approved by management and reconciled to general ledger balances.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

Management's Response:

See management's response letter.

2017-003 Excess Pay to the Mayor

Condition:

The Mayor received extra pay of \$7,500 during the period July through September 2016. During these three months, the Mayor received double pay checks.

Criteria:

A violation of Article 7 Section 14 may have occurred.

Cause:

Inadequate internal controls and inadequate supervision.

Effect:

A total of \$7,500 was paid in excess of the legal amount due the Mayor in payroll.

Recommendation:

Internal controls should be strengthened to detect errors and inadequate payroll payments.

Management's Response:

See management's response letter.

2017-004 Noncompliance With Resolution No. 2006-11-14 for Attorney Contract

Condition:

Payments do not comply with the terms and conditions of Resolution No. 2006-11-14A appointing an attorney for the Village.

Criteria:

The Village adopted a resolution as noted above, which stipulates monthly compensation of \$100 for the Village attorney.

Cause:

Inadequate internal controls and inadequate supervision.

Effect:

The Village attorney was being paid \$800 per month. The amount currently being paid is \$900 per month.

Recommendation:

The Village should adhere to the adopted resolution or adopt a new resolution accordingly.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

Management's Response:

See management's response letter.

2017-005 Lack of Controls Over Traffic Citation Receipts

Condition:

During the audit period we noted that there is no reconciliation of the amounts received (cash receipts log for traffic citations), recorded in the computer system, or deposited in the Village's bank account.

Criteria:

The Village should have proper written policies and procedures in place to address controls over cash receipts, including daily reconciliations and maintaining proper documentation.

Cause:

The Village does not have adequate written policies and procedures in place to provide for controls over the collection of traffic citation fines.

Effect:

Without procedures in place to ensure proper controls over traffic citations, accounting records may be inaccurate and improper activity may not be detected in a timely manner.

Recommendation:

Management should develop and implement policies and procedures to ensure that payments collected by the Village are accounted for and deposited daily in accordance with state law.

Management's Response:

See management's response letter.

2017-006 Payments Received Are Not In Accordance With Established Fee Schedule

Condition:

Payments received for traffic citations do not always agree to the established fee schedule.

Criteria:

The Village has an established fee schedule by which to charge violators of traffic laws. This fee listing identifies the amount of the fine for various traffic citations. Payments received for these amounts charged should be in accordance with this fee schedule.

Cause:

Inadequate internal controls and inadequate supervision.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

Effect:

Without procedures in place to ensure proper controls over traffic citations, improper activity may not be detected in a timely manner. In four instances, defendants were charged one amount, according to the fee schedule, for a reduced charge of no seatbelt, but a lesser amount was actually collected. It appears that these were cash transactions, in which there is no evidence of a receipt being given to the defendant. The Village may be in violation of Louisiana Revised Statute (La. R.S.) 14:67(A).

Recommendation:

Management should develop and implement policies and procedures to ensure that payments collected are in accordance with the established fee schedule for traffic citations and deposited accordingly.

Management's Response:

See management's response letter.

2017-007 Police Department's use of TED Program Funds

Condition:

From January 2016 through October 2017, the Village paid the Police Chief \$21,669 in overtime without proper authority or adequate documentation supporting the overtime hours.

Criteria:

The Village should accurately pay TED program salaries to policemen under proper authority and with proper documentation of time worked.

Cause:

Inadequate internal controls and inadequate supervision.

Effect:

Without proper documentation of hours worked, errors or misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

The Village should ensure salaries paid and overtime worked are in accordance with law and with proper documentation maintained.

Management's Response:

See management's response letter.

2017-008 Participation in Louisiana Municipal Police Retirement System

Condition:

The police department does not participate in the Louisiana Municipal Police Employees Retirement System (MPERS) as required by R.S. 11:2214. The Village was unable to provide documentation indicating that the Town enacted an ordinance on or before January 01, 1978 to exempt the Town from participation.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

Criteria:

R.S. 11:2214 and R.S. 11:157 require all full-time police officers to participate in MPERS or be given the option to opt out of participation.

Cause:

The Town has not enacted an ordinance prior to January 1, 1978 to exempt the Town from participation.

Effect:

The Village may be in violation of State Law.

Recommendation:

In accordance with R.S. 11:2214 and R.S. 11:157, all police officers should be given the opportunity to participate in MPERS or should be given the option to opt out of participation. Documentation should be maintained for each police officer evidencing either participation in the retirement system or the employee's decision to opt out of the system.

Management's Response:

See management's response letter.

2017-009 Customer Utility Accounts Improperly Adjusted

Condition:

Records indicate that from April 2016 to October 2017, the Village adjusted at least 76 customer utility accounts, for a total of \$6,171, without adequate documentation to support the adjustments. The Village's written policy regarding utility account adjustments allows the Village to give customers one billing adjustment per year due to leaks. Each customer must complete an adjustment request form and provide sufficient proof (parts/labor receipts or if repaired themselves, ample proof in the meter reading that the leak has been repaired). Records and statements provided by Village personnel indicate that Mayor Alfred verbally approved most of the adjustments without requiring the customers to complete the adjustment request form or provide documentation of a leak.

Criteria:

A violation of Article VII, Section 14 of the Louisiana Constitution may have occurred.

Cause:

Management override of policies and procedures.

Effect:

Without adequate documentation, in accordance with policy, a violation of the Louisiana Constitution may have occurred.

Recommendation:

The Village should develop and implement written policies and procedures on utility billing adjustments, including requiring the mayor's written approval of all adjustments to customer accounts.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

Management's Response:

See management's response letter.

2017-010 Failure To Disconnect Utility Services

Condition:

According to Village Ordinance 2008-8-8, "disconnects [of utility services] shall take place 10 days after the due date...." During a review of the Village's utility system, the Village Clerk informed that she rarely generated a monthly disconnection report because the Village previously did not disconnect many customers with delinquent accounts based on the instructions from the Mayor. A disconnect report of active accounts with delinquent balances over 10 days was generated as of December 1, 2017. That report showed the Village had 79 delinquent customers (26% of the Village's active customers), none of whom had been disconnected as required by Village Ordinance.

Criteria:

A violation of Village Ordinance 2008-8-8 may have occurred.

Cause:

Management override of policies and procedures.

Effect:

By not disconnecting service for non-payment, a violation of the Village Ordinance may have occurred.

Recommendation:

The Village should comply with Village Ordinance 2008-8-8 and disconnect utilities 10 days after the due date. Furthermore, aggressive action should be taken, including legal action when necessary, to collect all delinquent balances.

Management's Response:

See management's response letter.

2017-011 Late Submission of Audit Report to the Legislative Auditor

Condition:

The Village's audit report for the fiscal year ending June 30, 2017 was not completed within the six month deadline as per R.S. 24:513 A(5)(a)(i).

Criteria:

R.S. 24:513 A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The Town's audit report should be submitted to the Louisiana Legislative Auditor by December 31st each year.

Cause:

The financial information was not complete and accurate at the due date.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2017

Effect:

Management did not comply with requirements of R.S. 24:513 A (5)(a)(i).

Recommendation:

The audit report should be submitted to the Louisiana Legislative Auditor by the December 31st deadline.

Management's Response:

See management's response letter.

VILLAGE OF FENTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

2016-001 Inadequate Segregation of Duties

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

Because of the small size of the Village's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Corrective Action Plan:

Management does not believe that it is cost effective to employ more personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Current Status:

Unresolved. See finding 2017-001.

2016-002 Bank Account Reconciliations not Prepared Timely

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

Bank accounts reconciliations were not prepared monthly during the fiscal year. They were subsequently prepared in the following fiscal year after engaging a CPA firm to perform these duties.

Corrective Action Plan:

Bank reconciliations should be performed monthly, approved by management and reconciled to general ledger balances.

Current Status:

Unresolved. See finding 2017-002.

2016-003 Documentation of Council Minutes not Maintained

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

Documentation could not be provided reflecting council meetings for October 2015 through March 2016.

Corrective Action Plan:

Every council meeting should have documented/approved minutes.

Current Status:

Resolved.

VILLAGE OF FENTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

2016-004 Supporting Documentation of Disbursements were Missing

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

We requested supporting documentation (invoices) on 59 disbursements/transactions and we were provided with supporting documentation on only 30 disbursements/transactions.

Corrective Action Plan:

Every disbursement/transaction should have supporting documentation to reflect purpose and approval.

Current Status:

Resolved.

2016-005 Possible Violation of Article 7 Section 14

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

On March 9, 2016 an ACH withdrawal of \$2,250 was made without any documentation of purpose nor approval. It appears that the ACH went to a prepaid debit card and was made by the clerk employed at the time.

Corrective Action Plan:

ACH withdrawals should contain documentation of purpose and approval.

Current Status:

Resolved.

2016-006 Payroll Subsidiary Ledger Data was Inaccurate

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

Three actual payroll dates were not entered into the payroll subsidiary ledger (January 15, 2016; March 1, 2016; March 15, 2016). In addition, a payroll date of March 28, 2016 was entered into the subsidiary ledger, however, a payroll date did not exist.

Corrective Action Plan:

Accurate payroll date should be entered into the subsidiary ledger and reviewed and approved by management.

Current Status:

Resolved.

2016-007 Payroll Subsidiary Ledger was not Reconciled to the General Ledger

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

VILLAGE OF FENTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

Condition:

Monthly payroll subsidiary ledgers were not reconciled to the general ledger to prove accuracy and completeness.

Corrective Action Plan:

Monthly payroll subsidiary ledgers should be reconciled to the general ledger to prove accuracy and completeness.

Current Status:

Resolved.

2016-008 Excess Pay to the Mayor

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

The Mayor received extra pay of \$7,500 during the period April through June 2016. During these three months, the Mayor received double pay checks. In addition, these double pay checks continued for the period July through September 2016 before these payments ceased for an additional \$7,500 in excess pay.

Corrective Action Plan:

Internal controls should be strengthened to detect errors and inadequate payroll payments.

Current Status:

Unresolved. See finding 2017-003.

2016-009 Possible Extra pay to Clerks

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

It appears that a clerk that left employment on January 5, 2016 may have received two payroll checks in January 2016 after leaving employment. The termination date was ascertained based on notes because the employee file could not be located to confirm termination date. The total paid in excess was \$2,563.72.

Corrective Action Plan:

Internal controls should be strengthened to detect errors and inadequate payroll payments. In addition, if found to be correct, the Village should seek reimbursements.

Current Status:

Resolved.

2016-010 Extra Pay to a Council Member

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

VILLAGE OF FENTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

Condition:

It appears that a council member received two paychecks for each month of March, April and May 2016. These excess payments were repaid in July, August and September 2016.

Corrective Action Plan:

Internal controls should be strengthened to detect errors and inadequate payroll payments.

Current Status:

Resolved.

2016-011 Additional Training for Current Clerk

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

The current clerk should take additional training on accounting programs and applicable controls to improve knowledge, efficiency and experience with the Village's accounting software programs.

Corrective Action Plan:

The additional training is recommended based on the number and extent of findings in this year's report.

Current Status:

Resolved.

2016-012 Investigation of Police Department's use of TED Program Funds

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

The Legislative Auditor is investigating the Village's use and payment of TED program funds within the police department. As of this date, a report has not been issued.

Corrective Action Plan:

The Village should monitor the ongoing investigation and institute any corrective actions recommended.

Current Status:

Unresolved. See finding 2017-007.

2016-013 Late Submission of Financial Statements

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

VILLAGE OF FENTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

Condition:

The Village's June 30, 2016 financial statements were not timely submitted to the Legislative Auditor. The due date was December 31, 2016.

Corrective Action Plan:

The financial information was not complete and accurate at the due date. This included bank statements not being reconciled, transactions not being entered into the general ledger, payroll subsidiary ledger not complete and reconciled to the general ledger, and supporting documentation not present.

Current Status:

Unresolved. See finding 2017-011.

2016-014 Budget Amendment Violation

Fiscal Year Finding Originated: June 30, 2016 fiscal year-end

Condition:

The general fund and special revenue fund expenditures were in excess of 5% of budget and an amended budget was not prepared.

Corrective Action Plan:

Management should review budget to actual comparisons and amend the budget when legally required.

Current Status:

Resolved.

Village of Fenton
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INTERNAL CONTROL AND COMPLIANCE FINDINGS

2017-001 Inadequate Segregation of Duties

Because of size of the Village; it is not economically feasible to hire additional staff. Village has engaged a CPA firm to assist with financial reporting duties. Village has implemented certain compensation controls like having Town Clerk review and sign off on bank statements.

Date of completion 12/31/2018

2017-002 Bank Account Reconciliations Not Prepared Timely

External CPA will prepare and review bank reconciliations.

Date of completion 08/2018

2017-003 Excess Pay to the Mayor

Mayor is currently paying \$1000 a month back to the Village for the extra pay received. Village has taken steps to ensure improper payments are not made by Village to employees.

Date of completion 06/05/2019

2017- 004 Noncompliance With Resolution No. 2006-11-14 for Attorney Contract

Village has adopted a new resolution stipulating the monthly compensation for the Village attorney.

Date of completion 09/2018

2017- 005 Lack of Controls Over Traffic Citation Receipts

Village has implemented procedures to reconcile daily receipt log sheet to deposit slips. Village will take necessary steps to secure and maintain proper support documentation relating to cash receipts received by the Village.

Date of Completion 02/2019

2017- 006 Payments Received Are Not In Accordance With Established Fee Schedule

Village has established a fee schedule for charges of all traffic law violators. Amounts have been identified for all traffic citations and any payments received should be in accordance with the fee schedule.

Date of completion 04/2019

2017- 007 Police Department's use of TED Program Funds

Village has initiated steps to recover the improper additional compensation paid to the Police Chief. Village has taken necessary steps to ensure elected officials are not compensated in excess of the amount established by ordinance.

Date of completion 02/2019

2017- 008 Participation in Louisiana Municipal Policy Retirement System

Village will take necessary steps to enroll all full-time Police Officers into State Retirement System as required by Law

Date of Completion 01/2019

2017- 009 Customer Utility Accounts Improperly Adjusted

Village has implemented formal written procedures for adjusting utility billing for customers. Additionally, it will be required to obtain written approval from Mayor to adjust customer accounts.

Date of Completion 01/2019

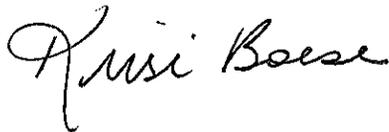
2017- 010 Failure to Disconnect Utility Services

The Village will comply with the Ordinance 2008-8-8 and disconnect any utilities that are not paid (10) days after the due date.

Date of Completion 01/2019

2017- 011 Late Submission of Audit Report to the Legislative Auditor

The Village will submit to the Louisiana Legislative Auditor annual financial reports on or before the due date of December 31st.





DONALD R. FORD

**CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY
MEMBER**

AMERICAN INSTITUTE OF CPAS
SOCIETY OF LOUISIANA CPAS

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Eddie Alfred, Jr., Mayor and the Village Council
Village of Fenton, Louisiana and the Louisiana
Legislative Auditor
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Village of Fenton, Louisiana (the "Village") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget - **No findings**
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes - **No findings**
 - c) ***Disbursements***, including processing, reviewing, and approving - **No findings**

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- d) *Receipts*, including receiving, recording, and preparing deposits - **No findings**
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked - **No findings**
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process – **No findings**
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage – **No findings**
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers - **No findings**
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits

Finding – No written policies and procedures over Ethics.

Management's Response/Corrective Action – The Village will incorporate appropriate policies and procedures for Ethics into its policy manual.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements - **Not applicable**

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document - **No findings**
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis) - **No findings**
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan - **No findings**
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period - **No findings**

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete - **No findings**
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank

accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Finding – Bank reconciliations were not being prepared during the fiscal year.

Management’s Response/Corrective Action – Bank reconciliations are now being prepared by an outside CPA firm.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and – **See finding immediately above.**

If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period – **See finding immediately above.**

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management’s representation that the listing is complete - **No findings**

6. Using the listing provided by management, select all of the entity’s cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee

Finding – No written policies and procedures to address segregation of duties over cash collections.

Management’s Response/Corrective Action – The Village will incorporate appropriate policies and procedures to address segregation of duties over cash collections.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected

Finding – No written policies and procedures to reconcile cash collections to the general ledger. Also, cash receipt logs did not agree to deposit documentation. In addition, payments received did not always agree to the established fee schedule for traffic citations.

Management’s Response/Corrective Action – The Village will incorporate appropriate policies and procedures for reconciling cash collections to the general ledger.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Findings – There was one instance where deposits were not made within two days of collection. Two instances were noted where the deposit was made three days after receipt. In the remaining one instance, the deposit was made three days after receipt.

Management’s Response/Corrective Action - The Village will ensure that the deposits are made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions - **No findings**

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections

Finding – No written policies and procedures to address the completeness of all collections by a person who is not responsible for collections.

Management’s Response/Corrective Action – Policies and procedures have been developed and implemented to address controls over collections to determine completeness of all collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete - **No findings**
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system - **No findings**
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase - **No findings**
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice - **No findings**

- Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Finding - Person responsible for processing payments is not prohibited from adding vendors to the purchasing/disbursement system.

Management's Response/Corrective Action - Due to staff size, segregation of duties was not always possible. The Village will take steps to prohibit the person responsible for processing payments from adding vendors to the entity's purchasing system.

- Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases - **No findings**

- Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Finding – The supply of unused checks is not restricted to those persons that do not have signatory authority. The Mayor possesses a key to the locked filing cabinet where the unused checks are stored.

Management's Response/Corrective Action - The Village will assign the extra key to the filing cabinet to someone that does not have signatory authority on checks.

- If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions - **No findings**

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

- Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P- cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete - **No findings**
- Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.] - **No findings**
- Report whether finance charges and/or late fees were assessed on the selected statements.

Finding – Finance charges were assessed on the selected statements.

Management’s Response/Corrective Action - The Village will take steps to ensure credit card payments are made timely and that finance charges or late fees are not assessed during the billing cycle.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing) - **No findings**
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased) - **No findings**
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating - **No findings**
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.) - **No findings**
 - b) For each transaction, compare the transaction’s detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity’s written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions - **No findings**
 - c) For each transaction, compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception - **No findings**

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management’s representation that the listing or general ledger is complete - **No findings**
18. Obtain the entity’s written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates - **No findings**
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates - **No findings**
 - b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.] - **No findings**
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating) - **No findings**
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance) - **No findings**
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception - **No findings**
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement - **No findings**

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete - **No findings**
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Finding – A formal/written contract could not be provided for two of the five selected contracts.

Management's Response/Corrective Action – The Village will work to obtain contracts for current and future vendors doing business with the Village.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder) – **No findings.**
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice – **No findings.**
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment – **No findings.**

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Finding – The supporting invoice and related payment did not comply with the terms and conditions of the Resolution (No. 2006-11-14A) appointing an attorney for the Village.

Management’s Response/Corrective Action – The Village will ensure the supporting invoice and related payments comply with the term and condition of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter) – **No findings**.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure - **No findings**
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy - **No findings**
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.) - **No findings**
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials - **No findings**
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave - **No findings**
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management’s representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management - **No findings**
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines - **No findings**

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Finding – The Village has not maintained documentation to demonstrate that required ethics training was completed for all employees/officials.

Management’s Response/Corrective Action – The Village will ensure proper documentation is maintained to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy – **No findings**

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained - **The Entity did not issue any new debt during the fiscal period therefore these procedures are not applicable**
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants - **Not applicable**
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off - **Not applicable**

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled - **None noted**
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Finding - Notice was not posted on the premise or website.

Management’s Response/Corrective Action – Management will work on getting this Notice posted onsite and on the website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception - **No findings**

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs.

Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

Donald R. Ford, CPA LLC

Zachary, Louisiana
January 31, 2019