

VILLAGE OF FENTON, LOUISIANA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	3
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management’s Discussion and Analysis (Unaudited)	7
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	19
Statement of activities	20
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental funds	22
Reconciliation of the balance sheet-Governmental Funds to the statement of net position	23
Statement of revenues, expenditures, and changes in fund balances-governmental funds	24
Reconciliation of the statement of revenues, expenditures, and changes in fund balances-governmental funds to the statement of activities	25
Statement of net position-proprietary fund	26
Statement of revenues, expenses and changes in net position – proprietary fund	27
Statement of cash flows – proprietary fund	28
NOTES TO BASIC FINANCIAL STATEMENTS	29
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
Budgetary comparison schedule-general fund	42
OTHER INFORMATION	
Schedule of compensation, benefits, and other payments to agency head	45
Schedule of compensation paid to the council members	46
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	47
SCHEDULE OF FINDINGS AND RESPONSES	49



DONALD R. FORD

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

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SOCIETY OF LOUISIANA CPAS

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 the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Fenton, Louisiana (the "Village"), as of and for the year ended June 30, 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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, 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.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fenton, Louisiana as of and for the year ended June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended 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. The schedule of utility customers have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 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 Ford

Zachary, Louisiana
November 15, 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, 2018

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, 2018. The Village began this new reporting model required by the Governmental Accounting Standards Board (GASB) Statement Number 34 for the fiscal year ended June 30, 2004.

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.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Overview of the Financial Statements (continued)

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.
- 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.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

- 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. Whereas the total column on the Enterprise Fund Financial Statements is the same as the Business-Type column of the Government-Wide Financial Statements, the governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances.

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. When reviewing this MD&A, the reader should also refer to and review the Notes to the Basic Financial Statements, as well as 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 fund. These schedules demonstrate compliance with the Village's adopted and final revised budget. This information can be found on pages 42-43 of this report.

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 \$3,571,906 (net position); this represents an increase of \$412,016 from last fiscal year.

The Village's net positions are comprised of \$2,872,012 from governmental activities and \$699,894 from business-type activities.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

The following is a condensed statement of the Village's net position as of June 30, 2018:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 1,798,922	\$ 5,668	\$ 1,804,590	49%
Capital assets	<u>1,172,183</u>	<u>700,311</u>	<u>1,872,494</u>	<u>51%</u>
Total Assets	2,971,105	705,979	3,677,084	<u>100%</u>
Liabilities:				
Current liabilities	<u>99,093</u>	<u>6,085</u>	<u>105,178</u>	100%
Total Liabilities	99,093	6,085	105,178	100%
Net Position:				
Net investment in capital assets	1,172,183	700,311	1,872,494	52%
Unrestricted	<u>1,699,829</u>	<u>(417)</u>	<u>1,699,412</u>	<u>48%</u>
Total Net Position	<u>\$ 2,872,012</u>	<u>\$ 699,894</u>	<u>\$ 3,571,906</u>	<u>100%</u>

The Village's net position at June 30, 2017, was \$3,159,890. 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>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 1,834,997	\$ 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	2,838,070	877,200	3,715,270	<u>100%</u>
Liabilities:				
Current liabilities	<u>468,073</u>	<u>87,307</u>	<u>555,380</u>	100%
Total Liabilities	468,073	87,307	555,380	100%
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>

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

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, 2018 is 18.15 to 1 for governmental activities and 0.93 to 1 for business-type activities. The 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 Village's overall current ratio is 17.16 to 1 as of June 30, 2018, and 3.57 to 1 as of June 30, 2017. 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, 2018 and 2017. Net position increased in governmental activities by \$502,015 and decreased in business-type activities by \$90,000.

The largest category of net position is "Net Investment in Capital Assets", and comprises 52% 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, 2018

The following is a condensed statement of the Village's activities for the year ended June 30, 2018:

	Governmental Activities	Business-type Activities	Total	Percentage
<u>Revenues:</u>				
Program:				
Charges for services	\$ 403	\$ 86,653	\$ 87,056	5%
General:				
Property tax	2,082	-	2,082	0%
Sales tax	26,599	-	26,599	2%
Licenses and permits	1,025	-	1,025	0%
Other taxes, penalties, interest, etc.	1,444,893	-	1,444,893	91%
Interest	164	6	170	0%
Miscellaneous	26,249	2,419	28,668	
Total Revenues	<u>1,501,415</u>	<u>89,078</u>	<u>1,590,493</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	698,316	-	698,316	59%
Public safety:				
Police	301,034	-	301,034	26%
Water and Sewer	-	179,128	179,128	15%
Total Program Expenses	<u>999,350</u>	<u>179,128</u>	<u>1,178,478</u>	<u>100%</u>
Excess (Deficiency)	502,065	(90,050)	412,015	
Transfers In (Out)	<u>(50)</u>	<u>50</u>	<u>-</u>	
Change in Net Position	502,015	(90,000)	412,015	
Beginning Net Position	<u>2,369,997</u>	<u>789,893</u>	<u>3,159,890</u>	
Ending Net Position	<u>\$ 2,872,012</u>	<u>\$ 699,894</u>	<u>\$ 3,571,906</u>	

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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

	Governmental Activities	Business-type Activities	Total	Percentage
<u>Revenues:</u>				
Program:				
Charges for services	\$ 1,234,521	\$ -	\$ 1,234,521	67%
Operating grants and contributions	29,701	30,858	60,559	1%
General:				
Property tax	8,537	-	8,537	3%
Sales tax	34,054	-	34,054	2%
Licenses and permits	1,185	-	1,185	16%
Other taxes, penalties, interest, etc.	36,230	-	36,230	
Interest	91	-	91	
Miscellaneous	62,703	89,065	151,768	0%
Total Revenues	<u>1,407,022</u>	<u>119,923</u>	<u>1,526,945</u>	<u>3%</u>
<u>Program Expenses:</u>				<u>100%</u>
General government	1,703,210	-	1,703,210	
Public safety:				35%
Police	403,299	-	403,299	
Water and Sewer	-	142,293	142,293	11%
Total Program Expenses	<u>2,106,509</u>	<u>142,293</u>	<u>2,248,802</u>	<u>47%</u>
Excess (Deficiency)	(699,487)	(22,370)	(721,857)	<u>100%</u>
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	<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>	

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’s sub-category are \$1,384,457 for police and court fines for the fiscal year ended June 30, 2018, and \$1,234,521 for police and court fines for the fiscal year ended June 30, 2017. Revenues in the Capital Grants and Contributions

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

sub-category consists of \$0 and \$0 for the fiscal years ended June 30, 2018 and 2017, 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 \$26,599, and property taxes of \$2,082 for the year ended June 30, 2018. The major tax revenues for the year ended June 30, 2017, are sales tax revenues of \$34,054, and property taxes of \$8,537. Other "General Revenues" reported for the year ended June 30, 2018 includes \$164 in interest income, and \$26,249 in miscellaneous revenues.

"Program Expenses" for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$999,350 and \$ 2,106,509 for the fiscal years ended June 30, 2018 and 2017, 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 interest income and miscellaneous income reported as "General Revenue". "Program Revenues" in the Charges for Services sub-category consists of billings of \$86,653 for water and sewer for the year ended June 30, 2018, and \$87,690 for the fiscal year ended June 30, 2017.

The Village reports the total amount of expenses for operation of the utility system as \$179,128 and \$142,293 for the years ended June 30, 2018 and 2017, respectively. The "Change in Net Position" (revenues less expenses) for the utility system was (\$90,000) and (\$19,757) for the fiscal years ended June 30, 2018 and 2017, respectively.

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2018 was \$1,172,183 and \$ 700,311 respectively, and \$1,003,073 and \$728,141 respectively, as of June 30, 2017. For the year ended June 30, 2018, net investment for governmental type activities increased by 0.16%, while net investment for business-type activities decreased by 3.8%. There was an overall increase in capital asset investment for the Village as a whole of 8.2% for the years ended June 30, 2018.

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

The following tables provide a summary of capital asset activity for 2018:

	Balance 7/1/2017	Increases	Decreases	Balance 6/30/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 35,065	\$ -	\$ -	\$ 35,065
Other capital assets:				
Buildings	1,299,649	289,758	-	1,589,407
Machinery	595,671	2,329	-	598,000
Furniture	33,011	-	-	33,011
Totals	<u>1,928,331</u>	<u>292,087</u>	<u>-</u>	<u>2,220,418</u>
Less accumulated depreciation:				
Buildings	486,449	65,381	-	551,830
Machinery	442,611	56,789	-	499,400
Furniture	31,263	807	-	32,070
Total accumulated depreciation	<u>960,323</u>	<u>122,977</u>	<u>-</u>	<u>1,083,300</u>
Governmental activities:				
Capital assets, net	<u>\$ 1,003,073</u>			<u>\$ 1,172,183</u>
	Balance 7/1/2017	Increases	Decreases	Balance 6/30/2018
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	28,630	-	-	28,630
Totals	<u>1,443,221</u>	<u>-</u>	<u>-</u>	<u>1,428,431</u>
Less accumulated depreciation:				
Buildings	686,208	27,823	-	714,031
Furniture	249	-	-	249
Transportation	28,630	-	-	28,630
Total accumulated depreciation	<u>715,087</u>	<u>27,823</u>	<u>-</u>	<u>742,910</u>
Governmental activities:				
Capital assets, net	<u>\$ 728,134</u>			<u>\$ 700,311</u>

VILLAGE OF FENTON, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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

	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 35,065	\$ -	\$ -	\$ 35,065
Construction-in-progress				
Other capital assets:	1,269,591	30,000	-	1,299,591
Buildings	326,993	-	-	326,993
Furniture	301,747	-	-	301,747
Transportation	1,898,331	30,000	-	1,928,331
Totals				
Less accumulated depreciation:	361,973	59,767	-	421,740
Buildings	255,886	42,266	-	298,152
Furniture	213,793	26,638	-	240,431
Transportation	831,652	128,671	-	960,323
Total accumulated depreciation				
Governmental activities:	<u>\$ 1,101,744</u>			<u>\$ 1,003,073</u>
Capital assets, net				
	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
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	28,630	-	-	28,630
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	28,630	10,457	-	39,087
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, 2018

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, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 1,587,449	\$ 130,026	\$ 1,717,475
Tax receivable, net	4,478	-	4,478
Intergovernmental receivable	3,205	-	3,205
Other receivable	36,639	21,990	58,629
Internal balances	150,160	(150,160)	-
Prepays	16,991	3,812	20,803
Capital assets:			
Land	35,065	14,790	49,855
Construction in progress	-	-	-
Capital assets, net	1,137,118	685,521	1,822,639
Total assets	<u>2,971,105</u>	<u>705,979</u>	<u>3,677,084</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts and other accrued payables	84,735	115	84,850
Intergovernmental payable	6,195	-	6,195
Customer deposits	-	5,970	5,970
Other liabilities	8,163	-	8,163
Long-term liabilities:			
Due within one year	-	-	-
Due after one year	-	-	-
Total liabilities	<u>99,093</u>	<u>6,085</u>	<u>105,178</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	1,172,183	700,311	1,872,494
Restricted	-	-	-
Unrestricted	1,699,829	(417)	1,699,412
Total net position	<u>\$ 2,872,012</u>	<u>\$ 699,894</u>	<u>\$ 3,571,906</u>

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

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General and administrative	\$ 698,316	\$ 403	\$ -	\$ -	\$ (697,913)	\$ -	\$ (697,913)
Police	301,034	1,384,457	-	-	1,083,423	-	1,083,423
Interest on long-term debt	-	-	-	-	-	-	-
Total Governmental Activities	999,350	1,384,860	-	-	385,510	-	385,510
Business-type activities:							
Water and sewer	179,128	86,653	-	-	-	(92,475)	(92,475)
Interest on long-term debt	-	-	-	-	-	-	-
Total primary government	1,178,478	1,471,514	-	-	385,510	(92,475)	293,035
General revenues:							
Taxes -							
Property taxes, levied for general purposes					2,082	-	2,082
Sales and use taxes, levied for general purposes					26,599	-	26,599
Franchise taxes					30,566	-	30,566
Licenses and permits					1,025	-	1,025
Other taxes, penalties, interest, etc.					284	-	284
Intergovernmental - state revenue sharing					29,586	-	29,586
Interest					164	6	170
Miscellaneous					26,249	2,419	28,668
Transfers					(50)	50	-
Total general revenues					116,505	2,475	118,980
Change in net position					502,015	(90,000)	412,015
Net position - Beginning					2,369,997	789,893	3,159,890
Net position - Ending					\$ 2,872,012	\$ 699,894	\$ 3,571,906

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, 2018

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TOTALS
ASSETS				
Cash	\$ 1,506,296	\$ 53,857	\$ 27,296	\$ 1,587,449
Receivables:				-
Accounts	820	3,658	-	4,478
Intergovernmental	3,205			3,205
Other	36,639	-	-	36,639
Prepaid insurance	15,458	1,533	-	16,991
Due from other funds	381,832	968	-	382,800
Total assets	<u>1,944,250</u>	<u>60,016</u>	<u>27,296</u>	<u>2,031,561</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,944,250</u>	<u>\$ 60,016</u>	<u>\$ 27,296</u>	<u>\$ 2,031,561</u>
LIABILITIES				
Accrued liabilities	\$ 84,735	\$ -	\$ -	\$ 84,735
Intergovernmental payable	6,195	-	-	6,195
Other liabilities	8,163	-	-	8,163
Due to other funds	22,749	1,008	208,883	232,640
Total liabilities	<u>121,842</u>	<u>1,008</u>	<u>208,883</u>	<u>331,733</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Assigned	-	-	-	-
Unassigned	1,822,408	59,008	(181,588)	1,699,828
Total fund balances	<u>1,822,408</u>	<u>59,008</u>	<u>(181,588)</u>	<u>1,699,828</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,944,250</u>	<u>\$ 60,016</u>	<u>\$ 27,295</u>	<u>\$ 2,031,561</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, 2018

Total fund balance for governmental fund at June 30, 2018:		\$ 1,699,829
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 \$1,083,300 accumulated depreciation	<u>1,137,118</u>	1,172,183
Long-term liabilities at June 30, 2018:		
Bonds payable		<u>-</u>
Total net position of governmental activities at June 30, 2018		<u><u>\$ 2,872,012</u></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, 2018

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTALS</u>
REVENUES					
Taxes	\$ 59,531	\$ -	\$ -	\$ -	\$ 59,531
Licenses and permits	1,025	-	-	-	1,025
Intergovernmental	2,210	-	27,376	-	29,586
Fines	1,384,457	-	-	-	1,384,457
Interest	12	113	39	-	164
Miscellaneous	18,561	8,091	-	-	26,652
TOTAL REVENUES	<u>1,465,796</u>	<u>8,204</u>	<u>27,415</u>	<u>-</u>	<u>1,501,415</u>
EXPENDITURES					
Current					
General and administrative	519,107	19,424	28,445	8,363	575,339
Police	301,034	-	-	-	301,034
Capital outlay					
General and administrative	261,660	28,099	-	-	289,759
Police	2,329	-	-	-	2,329
TOTAL EXPENDITURES	<u>1,084,130</u>	<u>47,523</u>	<u>28,445</u>	<u>8,363</u>	<u>1,168,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	381,666	(39,319)	(1,030)	(8,363)	332,954
OTHER FINANCING SOURCES (USES)					
Proceeds from borrowings					-
Operating transfers in	-				-
Operating transfers out	-	(11)	(39)	-	(50)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(11)</u>	<u>(39)</u>	<u>-</u>	<u>(50)</u>
NET CHANGES IN FUND BALANCES	381,666	(39,330)	(1,069)	(8,363)	332,904
FUND BALANCES, BEGINNING	<u>1,440,742</u>	<u>98,338</u>	<u>(180,519)</u>	<u>8,363</u>	<u>1,366,924</u>
FUND BALANCES, ENDING	<u>\$ 1,822,408</u>	<u>\$ 59,008</u>	<u>\$ (181,588)</u>	<u>\$ -</u>	<u>\$ 1,699,828</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, 2018

Total net changes in fund balances at June 30, 2018 per	
Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 332,904

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	292,088	
Depreciation expense for the period ended June 30, 2018	<u>(122,977)</u>	<u>169,111</u>

Total changes in net assets at June 30, 2018 per Statement of Activities	<u>\$ 502,015</u>
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The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FENTON, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2018

	<u>Enterprise Fund Sewer and Water System</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 130,026
Receivables, accounts, net	21,990
Prepaid insurance	<u>3,812</u>
Total current assets	155,828
 Fixed assets, net of accumulated depreciation	 <u>700,311</u>
 TOTAL ASSETS	 \$ 856,139
 LIABILITIES	
Current liabilities	
Accounts and other accrued payables	115
Due to other funds	150,159
Customer deposits	<u>5,970</u>
Total current liabilities	156,244
 NET POSITION	
Investment in capital assets, net of related debt	700,311
Unrestricted	<u>(417)</u>
Total net position	<u>699,894</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ 856,139

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

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - PROPRIETARY FUND
Year Ended June 30, 2018**

	Enterprise Fund Sewer and Water System
OPERATING REVENUES	
Water sales	\$ 57,578
Sewer service charges	29,075
Miscellaneous	2,419
Total Operating Revenues	<u>89,072</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	1,046
Contractual Services, materials and supplies	150,259
Depreciation	27,823
Insurance and other expenses	-
Total Operating Expenses	<u>179,128</u>
OPERATING INCOME (LOSS)	(90,056)
NON-OPERATING REVENUES (EXPENSES)	
Interest	<u>6</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(90,050)
Operating transfers in, net	<u>50</u>
CHANGE IN NET POSITION	(90,000)
NET POSITION, BEGINNING	<u>789,893</u>
NET POSITION, ENDING	<u><u>\$ 699,894</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, 2018

	<u>Enterprise Fund Sewer and Water System</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 91,813
Receipts from other funds	69,020
Payments to suppliers	(3,150)
Payments to employees	(1,046)
Other operating payments	(152,259)
Other operating receipts	<u>1,067</u>
Net cash flows from operating activities	5,445
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers in, net	<u>-</u>
NET INCREASE (DECREASE) IN CASH	5,445
CASH - BEGINNING	<u>124,581</u>
CASH - ENDING	<u><u>\$ 130,026</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ (90,056)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	27,823
(Increase) decrease in receivables	1,182
(Increase) decrease in prepaids	(2,506)
Other liabilities	68,591
Increase (decrease) in accounts payable and accrued expenses	<u>411</u>
Net cash from operating activities	<u><u>\$ 5,445</u></u>

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, 2018

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, 2018

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.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The Village reports the following major 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

The Village reports the following enterprise funds:

- 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.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

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 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.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

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 changes by an affirmative vote of a majority of the government's council.

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

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.

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, 2018, the Village had \$ 1,717,475 in deposits (collected bank balances), of which \$ 250,000 is secured from risk by federal deposit insurance, and the balance of \$1,467,475 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 and Bad Debts

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported.

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.

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.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

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

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

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, 2018 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.

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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds.

Non-spendable Fund Balance - Classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, 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 Village'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.

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

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 both restricted and unrestricted resources are available for use, it is the Village's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

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 31st. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Village'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, 2018

Note 3 – Receivables

Receivables at June 30, 2018 consisted of the following:

Class of Receivables	General Fund	Special Revenue Fund	Enterprise Fund	Total
Customs accounts	\$ -	\$ -	\$ 23,120	\$ 23,120
Tax receivable	2,924	3,658	-	6,582
Intergovernmental receivable	3,205	-	-	3,205
Other receivables	36,639	-	-	36,639
Less: Allowance for bad debts	(2,104)	-	(1,130)	(3,234)
Total	<u>\$ 40,664</u>	<u>\$ 3,658</u>	<u>\$ 21,990</u>	<u>\$ 66,312</u>

Note 4 – Prepaid Items

Prepaid items for the year ended June 30, 2018 was as follows:

	Governmental Activities	Business-type Activities	Totals
Prepaid insurance	\$ 10,712	\$ 1,306	\$ 12,018
Others	6,279	2,506	8,785
Total	<u>\$ 16,991</u>	<u>\$ 3,812</u>	<u>\$ 20,803</u>

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 5 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018 follows:

	Balance <u>7/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 35,065	\$ -	\$ -	\$ 35,065
Other capital assets:				
Buildings	1,299,649	289,758	-	1,589,407
Machinery	595,671	2,329	-	598,000
Furniture	<u>33,011</u>	<u>-</u>	<u>-</u>	<u>33,011</u>
Totals	<u>1,928,331</u>	<u>292,087</u>	<u>-</u>	<u>2,220,418</u>
Less accumulated depreciation:				
Buildings	486,449	65,381	-	551,830
Machinery	442,611	56,789	-	499,400
Equipment	<u>31,263</u>	<u>807</u>	<u>-</u>	<u>32,070</u>
Total accumulated depreciation	<u>960,323</u>	<u>122,977</u>	<u>-</u>	<u>1,083,300</u>
Governmental activities:				
Capital assets, net	<u>\$1,003,073</u>			<u>\$1,172,183</u>
	Balance <u>7/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2018</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	686,201	27,830	-	714,031
Furniture	249	-	-	249
Transportation	<u>28,630</u>	<u>-</u>	<u>-</u>	<u>28,630</u>
Total accumulated depreciation	<u>715,080</u>	<u>27,823</u>	<u>-</u>	<u>742,910</u>
Governmental activities:				
Capital assets, net	<u>\$ 728,141</u>			<u>\$ 700,311</u>

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 88,088
Police	<u>34,889</u>
Total	<u><u>\$ 122,977</u></u>

Note 6 –Accrued Expenses

The payables at June 30, 2018 were as follows:

	Governmental Activities	Business - Type Activities	Total
Accrued payroll and related liabilities	\$ 20,390	\$ -	\$ 20,390
Insurance payable	29,568	-	29,568
Sales tax payable	-	115	115
Other accrued liabilities	<u>34,777</u>	<u>-</u>	<u>34,777</u>
Total	<u><u>\$ 84,735</u></u>	<u><u>\$ 115</u></u>	<u><u>\$ 84,850</u></u>

Note 7 – Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2018 is as follows:

Due to/ from other funds:

	Interfund Receivable	Payable
Governmental Funds:		
General fund	\$ 381,832	\$ 22,749
Special revenue fund	968	1,008
Capital project fund	<u>-</u>	<u>208,884</u>
Total governmental funds	<u><u>382,800</u></u>	<u><u>232,641</u></u>
Proprietary Funds:		
Enterprise fund	<u>-</u>	<u>150,159</u>
Total proprietary funds	<u><u>-</u></u>	<u><u>150,159</u></u>
Total primary government	<u><u>\$ 382,800</u></u>	<u><u>\$ 382,800</u></u>

VILLAGE OF FENTON, LOUISIANA
Notes to the Financial Statements
For the Year Ended June 30, 2018

The interfund balances are related to short-term borrowing between funds that is expected to be repaid within the next fiscal year. Balances are typically associated with expenses paid on behalf of one fund through another, where repayment has not yet been made.

Note 8- Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ -	\$ -
Special revenue fund	-	11
Capital project fund	-	39
Debt service fund	-	-
Proprietary Funds:		
Enterprise fund	<u>50</u>	<u>-</u>
Total	<u><u>\$ 50</u></u>	<u><u>\$ 50</u></u>

Note 9 – 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 10 – 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, 2018

Note 11 – Schedule of Rates and Number of Customers

At June 30, 2018, 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 12 – Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2018.

Note 13 – Deficit Fund Balance

As of June 30, 2018, the fund balance of the Capital Project Fund was in a deficit position of \$181,587.

Note 14 – Subsequent Events

Management of the Village of Fenton has evaluated subsequent events through November 15, 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 or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

VILLAGE OF FENTON, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary Fund Balances, Beginning	\$ 1,951,619	\$ 1,951,619	\$ 1,442,637	
Resources (Inflows):				
Charge for Services	300	300	403	\$ 103
Licenses and Permits	1,000	1,000	1,025	25
Intergovernmental	-	-	2,210	2,210
Franchise Tax	24,000	24,000	30,566	6,566
Property Tax	8,800	8,800	2,082	(6,718)
Other Taxes and penalties	739,868	739,868	1,411,340	671,472
Interest	-	-	12	12
Miscellaneous	1,000	1,000	18,158	17,158
Total Revneues	<u>774,968</u>	<u>774,968</u>	<u>1,465,796</u>	<u>690,828</u>
Amounts Available for Appropriations	<u>2,726,587</u>	<u>2,726,587</u>	<u>2,908,433</u>	<u>181,846</u>
Charges to Appropriations (Outflows):				
General Government	598,025	598,025	519,107	78,918
Police	326,950	326,950	301,034	25,916
Capital Outlay	<u>-</u>	<u>-</u>	<u>263,989</u>	<u>(263,989)</u>
Total General Government Expenditures	<u>924,975</u>	<u>924,975</u>	<u>1,084,130</u>	<u>(159,155)</u>
Total Charges to Appropriations	<u>924,975</u>	<u>924,975</u>	<u>1,084,130</u>	<u>\$ (159,155)</u>
Budgetary Fund Balances, Ending	<u>\$ 1,801,612</u>	<u>\$ 1,801,612</u>	<u>\$ 1,824,303</u>	

VILLAGE OF FENTON, LOUISIANA
General Fund
Budget to GAAP Basis Reconciliation
Year Ended June 30, 2018

Sources/Inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$2,908,433
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Adjustments:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(1,442,637)</u>
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Total revenues as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$1,465,796</u>
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Uses/Outflows of resources:

Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	<u>\$1,084,130</u>
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Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$1,084,130</u>
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OTHER INFORMATION

VILLAGE OF FENTON, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2018

Agency Head Name: Eddie Alfred, Jr., Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 37,405
Benefits - Insurance	4,595
Benefits - Retirement	-
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
	<u>\$ 42,000</u>

See Independent Auditor's Report

VILLAGE OF FENTON, LOUISIANA
Schedule of Compensation Paid to Council Members
For the Year Ended June 30, 2018

<u>Name</u>	<u>Amount</u>
Gwen Johnson	3,600
Mary Jones	3,600
Ollie Clophus	3,300
	<u>\$ 10,500</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***

November 15, 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, 2018, 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 November 15, 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, 2017-004].

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

P.O. Box 293
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(225) 573-8005
DONFORD5@COX.NET

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 [2017-005, 2017-006].

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 Ford

Zachary, Louisiana
November 15, 2019

VILLAGE OF FENTON, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2018

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 four (4) 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*. Three (3) of these deficiencies are reported as material weaknesses.
3. There were two (2) 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, 2018 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, 2018.

VILLAGE OF FENTON, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2018

II. Findings — Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2018-001 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.

2018-002 Inadequate Controls Over Purchasing

Condition:

A purchase order system has not been adequately implemented.

Criteria:

A formal documented purchase order system should be used with at least two employees involved in initiating a purchase request, approving a purchase, and making the purchase.

Cause:

Inadequate internal controls and inadequate supervision.

Effect:

Without adequate controls, Village resources could be committed and purchases can occur without proper authorization.

VILLAGE OF FENTON, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2018

Recommendation:

A complete purchase order system should be implemented.

Management's Response:

See management's response letter.

2018-003 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.

2018-004 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.

VILLAGE OF FENTON, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2018

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.

2018-005 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.

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

VILLAGE OF FENTON, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2018

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.

2018-006 Late Submission of Audit Report to the Legislative Auditor

Condition:

The Village's audit report for the fiscal year ending June 30, 2018 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.

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, 2018

2017-001 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 2018-001.

2017-002 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:

Resolved.

2017-003 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.

VILLAGE OF FENTON, LOUISIANA

Schedule of Prior Year Findings

For the Year Ended June 30, 2018

Corrective Action Plan:

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

Current Status:

Resolved.

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.

Corrective Action Plan:

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

Current Status:

Resolved.

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.

Corrective Action Plan:

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.

Current Status:

Unresolved. See finding at 2018-003.

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.

VILLAGE OF FENTON, LOUISIANA

Schedule of Prior Year Findings

For the Year Ended June 30, 2018

Corrective Action Plan:

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.

Current Status:

Resolved.

2017-007 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 2018-004.

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.

Corrective Action Plan:

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.

Current Status:

Unresolved. See finding 2018-005.

VILLAGE OF FENTON, LOUISIANA

Schedule of Prior Year Findings

For the Year Ended June 30, 2018

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.

Corrective Action Plan:

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.

Current Status:

Resolved.

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.

Corrective Action Plan:

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.

Current Status:

Resolved.

2017-011 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, 2018

Condition:

The Village's June 30, 2018 financial statements were not timely submitted to the Legislative Auditor. The due date was December 31, 2018.

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 2018-006.



VILLAGE OF FENTON

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Town Council:

Ollie Mae Clophus

Mary Jones

Gwen Johnson

Eddie B. Alfred Jr., Mayor

Michael Holmes, Town Attorney

Luther Alfred, Police Chief

Krisi Boese, Village Clerk

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2018-001 Inadequate Segregation of Duties

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

Date of completion 12/31/2018

2018-003 Inadequate Controls over Purchasing

A complete purchase order system will be implemented. At least two employees will be involved in initiating a purchase request, approving a purchase, and making the purchase.

2018-004 Lack of Controls Over Traffic Citation Receipts

The Village has implemented procedures to reconcile the daily receipt log sheet to deposit slips. The 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

2018-005 Police Department's use of TED Program Funds

The Village has initiated steps to recover the improper additional compensation paid to the Police Chief. The 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

2018-006 Participation in Louisiana Municipal Policy Retirement System

The 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

2018-007 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.

Ami Boese



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
and the Louisiana Legislative Auditor
Village of Fenton, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Village of Fenton, Louisiana 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, 2017 through June 30, 2018. 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 (**For management's response/corrective actions, see management's response letter**):

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.

Finding – Policy does not address how vendors are added to the vendor list.

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- c) **Disbursements**, including processing, reviewing, and approving. - **No findings.**
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).- **No findings.**
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding – The written policies and procedures in place do not address overtime and does not adequately cover segregation of duties over payroll processing with regard to preparation, review, and distribution of payroll. In addition, computer software is not utilized to track and account for leave balances, including leave earned and taken, to eliminate the risk of clerical errors.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases. – **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. – **No findings.**
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **Not applicable.**

Board(or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. – **No findings.**
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.* – **No findings.**
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit

report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund. – **Not applicable.**

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged); - **No findings.**
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and – **No findings.**
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No findings.**

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No findings.**
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers. – **No findings.**
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. – **No findings.**
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No findings.**
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. – **No findings.**
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. – **No findings.**
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered. – **No findings.**
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No findings.**

- c) Trace the deposit slip total to the actual deposit per the bank statement. – **No findings.**
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Finding – There were four instances where deposits were not made within one business day of collection. Two instances were noted where the deposit was made five business days after receipt and two instances were noted where the deposit was made two business days after receipt.

- e) Trace the actual deposit per the bank statement to the general ledger. – **No findings.**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No findings.**
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Finding – The Clerk and/or Water & Sewer Operator can initiate purchases individually. A purchase order system has not been adequately implemented. Only a list of P.O. numbers issued to vendors is maintained, but no actual purchase order form. Therefore, documented approval of purchases is not always maintained.

- b) At least two employees are involved in processing and approving payments to vendors. – **No findings.**
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Finding – The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement. – **No findings.**

Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **See finding at #9 above.**

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

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.**

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]]

Finding – Documented approval is not obtained that would provide 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. Also, see finding at #9 above.
 - b) Observe that finance charges and late fees were not assessed on the selected statements. – **No findings.**
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). – **No findings.**

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected: - **No findings.**
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). – **No findings.**
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **Not applicable.**
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h). – **No findings.**
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No findings.**

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. – **No findings.**
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter). – **No findings.**

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment. – **No findings.**
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract. – **No findings.**

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Finding – For two of the five employees selected, documentation of authorized salaries/pay rates was not available in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.) – **Not applicable for the pay period selected.**
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Finding – Documentation of supervisor approval of the attendance of the employee or official is not maintained.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. – **Not applicable.**

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. – **No findings.**

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines. – **No findings.**

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: - **No findings.**

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. – **No findings.**
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period. – **No findings.**

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State

Bond Commission approval was obtained for each bond/note issued. – **Not applicable.** The entity did not issue any debt during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants. – **Not applicable.**

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled. – **None noted.**
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.

Respectfully submitted,

Donald Ford

Baton Rouge, Louisiana
November 15, 2019



VILLAGE OF FENTON

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Town Council:

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Mary Jones

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Eddie B. Alfred Jr., Mayor

Michael Holmes, Town Attorney

Luther Alfred, Police Chief

Krisi Boese, Village Clerk

Management Response Letter to Statewide Agree Upon Procedures Findings

Please see responses/corrective action below related to the exceptions on the Statewide Agree-Upon Procedures report.

Finding – The policy does not address how vendors are added to the vendor list.

Response/Corrective Action – The Village will review our current policies and procedures addressing the addition of vendors and make revisions in accordance with best practices established by the Louisiana Legislative Auditor.

Finding – The written policies and procedures in place do not address overtime and does not adequately cover segregation of duties over payroll processing regarding preparation, review, and distribution of payroll. In addition, computer software is not utilized to track and account for leave balances, including leave earned and taken, to eliminate the risk of clerical errors.

Response/Corrective Action – The Village will incorporate appropriate policies and procedures for addressing overtime and adequately covering segregation of duties over payroll processing regarding preparation, review, and distribution of payroll.

Finding – There were four instances where deposits were not made within one business day of collection. Two instances were noted where the deposit was made five business days after receipt and two instances were noted where the deposit was made two business days after receipt.

Response/Corrective Action – Management incorporate policies and procedures to ensure that all future bank deposits will be made within one business day of collection.

Finding – The Clerk and/or Water & Sewer Operator can initiate purchases individually. A purchase order system has not been adequately implemented. Only a list of P.O. numbers issued to vendors is maintained, but no actual purchase order form. Therefore, documented approval of purchases is not always maintained.

Response/Corrective Action – Management is in the process of improving the internal controls over cash disbursements. Revised controls will include the use of purchase order forms, maintaining the required

supporting documents to accompany each purchase, and the documented approval of management prior to disbursement.

Finding – The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Response/Corrective Action – Management will improve the segregation of duties of processing payments and adding/modifying vendor files.

Finding – Documented approval is not obtained that would provide 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.

Response/Corrective Action – Management has updated and will implement a system for approval for use of credit cards to improve internal controls.

Finding – For two of the five employees selected, documentation of authorized salaries/pay rates was not available in the personnel files.

Response/Corrective Action – Management will document authorized salaries/pay rates in the personnel files.

Finding – Documentation of supervisor approval of the attendance of the employee or official is not maintained.

Response/Corrective Action – Management has implemented the internal control requiring the approval and maintenance of documentation of employee attendance records.

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

Management's Response/Corrective Action – Management has downloaded and printed the notice as required by R.S. 24:523.1 and posted it at our office location. We are currently in the process of updating the notice our website.

Hirsi Boese