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VILLAGE OF FOLSOM, LOUISIANA

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Release Date 2-22-06

Audit of Financial Statements**June 30, 2005**

**VILLAGE OF FOLSOM, LOUISIANA
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
Fiscal Year Ended June 30, 2005**

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**VILLAGE OF FOLSOM, LOUISIANA
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
Fiscal Year Ended June 30, 2005**

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The Honorable Marshall Brumfield
and Members of the Board of Aldermen
Village of Folsom, Louisiana

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of **VILLAGE OF FOLSOM, LOUISIANA** (Village), as of and for the year ended June 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **VILLAGE OF FOLSOM, LOUISIANA's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and *significant estimates made by management*, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*In our 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, and each major fund of the **VILLAGE OF FOLSOM, LOUISIANA**, as of June 30, 2005, and the respective change in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2005, on our consideration of **VILLAGE OF FOLSOM, LOUISIANA's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 42 through 45, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **VILLAGE OF FOLSOM, LOUISIANA's** basic financial statements. The accompanying supplemental information listed in the table of contents under Other Supplemental Information and identified as Schedule 1 through Schedule 3 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all materials respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Arthur J. White".

A Professional Accounting Corporation

August 5, 2005

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

As management of the **VILLAGE OF FOLSOM, LOUISIANA** (Village), we offer readers of the **VILLAGE OF FOLSOM, LOUISIANA's** financial statements this narrative overview and analysis of the financial activities of the **VILLAGE OF FOLSOM, LOUISIANA**, for the fiscal year ended June 30, 2005. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities of the Village, based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a 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 the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes To Financial Statements
4. Required Supplemental Information
5. Other Supplemental Information

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

Governmental Activities that are principally supported by taxes and intergovernmental revenues, and

Business-Type Activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Village assets exceeded its liabilities at the close of the most recent fiscal year by \$2,419,162 (*net assets*). The Village's net assets are comprised of \$537,055 from Governmental Activities and \$1,882,107 from Business-Type Activities as shown on page 12.

By far, the largest portion of the Village's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, Village infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

An additional portion of the Village's net assets represents resources that are subject to external restrictions on how they may be used and are classified as such. The remaining balance consists of unrestricted net assets.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities for all funds except the Sewer Fund.

Governmental Activities

The Governmental Activities of the Village include General Government, Public Safety and Public Works. Sales taxes, franchise taxes, occupational licenses and permits, tower lease, fines and other revenues fund most of these governmental activities.

The following shows the Village's expenses related to those functions typically associated with governments. Below, we show the General Government expenses, which include salaries, building cost, alderman fees, depreciation, and other general administration cost. Public Safety expenses encompass the Police department. Public Works expenses include salaries and maintenance.

Governmental Activity Expenses	For the Years Ended June 30,			
	2005		2004	
	Amount	Percentage	Amount	Percentage
General Government	\$ 239,840	40 %	\$ 246,078	44 %
Public Safety	241,441	41	222,633	39
Public Works	102,744	18	92,657	16
Interest on Debt	1,879	1	3,873	1
Total Governmental Activities	<u>\$ 585,904</u>	<u>100 %</u>	<u>\$ 565,241</u>	<u>100 %</u>

General revenues are those available for the Village to use to pay for the governmental activities described above. The following shows the Village's general revenues:

General Revenues	For the Years Ended June 30,			
	2005		2004	
	Amount	Percentage	Amount	Percentage
Taxes	\$ 458,749	98 %	\$ 437,347	87 %
Insurance Licenses	69,303	15	74,999	15
Tower Lease	21,718	5	21,352	4
Licenses and Permits	38,951	9	25,594	5
Fines and Forfeitures	38,324	8	44,052	9
Investment Earnings	4,553	1	3,224	1
Other General Revenues	25,783	6	26,658	5
Transfers	(192,600)	(42)	(129,642)	(26)
Total General Revenues and Transfers	<u>\$ 464,781</u>	<u>100 %</u>	<u>\$ 503,584</u>	<u>100 %</u>

**VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Business-Type Activities

The Business-Type Activities of the Village are those that the Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer departments are reported here.

Business-Type Activities	Water		Sewer		Garbage	
	For the Years Ended June 30,		For the Years Ended June 30,		For the Years Ended June 30,	
	2005	2004	2005	2004	2005	2004
Operating Revenues	\$ 97,958	\$ 90,025	\$ 62,163	\$ 64,758	\$ 23,868	\$ 20,577
Operating Expenses	124,429	114,183	121,448	138,506	24,627	22,806
Net Operating (Loss)	\$ (26,471)	\$ (24,158)	\$ (59,285)	\$ (73,748)	\$ (759)	\$ (2,229)

2. FUND FINANCIAL STATEMENTS

A 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 legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

A. Governmental funds are used to account for most of the Village's basic services as 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 left at year-end that are available for spending. These funds are reported using modified accrual 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciling statements are located on pages 14 and 16.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the General Fund and Special Revenue Fund, which are considered to be major funds. Data from the other governmental funds, which include the Sewer Treatment Debt Service Fund and the Street Improvement Debt Service Fund, are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$451,808. In the General Fund, the unreserved fund balance is \$232,517. The Village has an unreserved fund balance of \$161,053 in the Special Revenue Fund, which handles the sales tax collections.

The reserved fund balance in governmental funds in the amount of \$58,238 indicates that these funds are not available for new spending because they have already been committed for debt service. The net increase in fund balance during the current year in the debt service fund was \$23,264. The debt service fund's total fund balance is reserved for the payment of debt.

Change in Fund Balance of the Village's Major Funds follow:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund Balance at June 30, 2004	\$ 385,622	\$ 136,438
Fund Balance at June 30, 2005	<u>232,517</u>	<u>161,053</u>
(Decrease) Increase in Fund Balance	<u>\$(153,105)</u>	<u>\$ 24,615</u>

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information portion of this report, beginning on page 47.

- B. Proprietary funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water, Sewer and Garbage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Garbage departments, which are considered to be major funds of the Village. The basic proprietary fund financial statements can be found on pages 18 through 21 of this report.

**VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

3. NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

4. REQUIRED SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on page 42 of this report.

5. OTHER SUPPLEMENTAL INFORMATION

- A. Combining statements of the Non-Major Governmental Funds for the Sewer Treatment Debt Service Fund and the Street Improvement Project Debt Service Fund have been provided on pages 47 and 48.
- B. The Schedule of Governing Board is on page 49.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joyce Core; Village Administrator; 82341 Railroad Avenue, Folsom, Louisiana 70437.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2005

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 286,704	\$ 1,031	\$ 287,735
Investments	107,414	3,773	111,187
Receivables:			
Water, Sewer and Garbage (Net)	-	22,006	22,006
Sales Taxes	35,450	-	35,450
Other	9,759	-	9,759
Internal Balances	18,430	(18,430)	-
Prepaid Expenses	5,601	-	5,601
Restricted Cash and Cash Equivalents	-	87,402	87,402
Capital Assets, Net	<u>142,276</u>	<u>2,605,218</u>	<u>2,747,494</u>
 Total Assets	 <u>605,634</u>	 <u>2,701,000</u>	 <u>3,306,634</u>
 LIABILITIES			
Accounts Payable	4,716	3,943	8,659
Accrued Liabilities	6,834	-	6,834
Overdraft Payable	-	5,865	5,865
Compensated Absences	30,329	3,203	33,532
Payable from Restricted Assets:			
Customer Deposits	-	33,901	33,901
Revenue Bonds - Due Within One Year	-	18,329	18,329
Revenue Bonds Payable - Due in More than One Year	-	753,652	753,652
General Obligations Bonds Payable:			
Due Within One Year	13,123	-	13,123
Due in More than One Year	<u>13,577</u>	<u>-</u>	<u>13,577</u>
 Total Liabilities	 <u>68,579</u>	 <u>818,893</u>	 <u>887,472</u>
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	115,576	1,851,566	1,967,142
Restricted for:			
Debt Service	58,238	-	58,238
Revenue Bond	-	34,205	34,205
Meter Deposits	-	967	967
Unrestricted	<u>363,241</u>	<u>(4,631)</u>	<u>358,610</u>
 Total Net Assets	 <u>\$ 537,055</u>	 <u>\$ 1,882,107</u>	 <u>\$ 2,419,162</u>

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program</u>	<u>Net (Expense) Revenue and</u>		<u>Total</u>
		<u>Revenues</u>	<u>Governmental</u>	<u>Business-Type</u>	
		<u>Charges for</u>	<u>Activities</u>	<u>Activities</u>	
		<u>Services</u>			
GOVERNMENTAL ACTIVITIES					
General Government	\$ 239,840	\$ -	\$ (239,840)	\$ -	\$ (239,840)
Public Safety	241,441	-	(241,441)	-	(241,441)
Public Works	102,744	-	(102,744)	-	(102,744)
Interest on Debt	1,879	-	(1,879)	-	(1,879)
Total Governmental Activities	<u>585,904</u>	<u>-</u>	<u>(585,904)</u>	<u>-</u>	<u>(585,904)</u>
BUSINESS-TYPE ACTIVITIES					
Water	124,429	97,958	-	(26,471)	(26,471)
Sewer	121,448	62,163	-	(59,285)	(59,285)
Garbage	24,627	23,868	-	(759)	(759)
Interest Expense	36,742	-	-	(36,742)	(36,742)
Total Business-Type Activities	<u>307,246</u>	<u>183,989</u>	<u>-</u>	<u>(123,257)</u>	<u>(123,257)</u>
Total	<u>\$ 893,150</u>	<u>\$ 183,989</u>	<u>(585,904)</u>	<u>(123,257)</u>	<u>(709,161)</u>
General Revenues:					
Taxes			458,749	-	458,749
Insurance Licenses			69,303	-	69,303
Tower Lease			21,718	-	21,718
Licenses and Permits			38,951	-	38,951
Fines and Forfeitures			38,324	-	38,324
Investment Earnings			4,553	865	5,418
Other General Revenues			25,783	-	25,783
Transfers			(192,600)	192,600	-
Extraordinary Item			-	436,450	436,450
Total General Revenues, Transfers and Extraordinary Item			<u>464,781</u>	<u>629,915</u>	<u>1,094,696</u>
CHANGE IN NET ASSETS			(121,123)	506,658	385,535
NET ASSETS - BEGINNING OF YEAR			<u>658,178</u>	<u>1,375,449</u>	<u>2,033,627</u>
NET ASSETS - END OF YEAR			<u>\$ 537,055</u>	<u>\$ 1,882,107</u>	<u>\$ 2,419,162</u>

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

VILLAGE OF FOLSOM, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 157,272	\$ 71,194	\$ 58,238	\$ 286,704
Investments	44,286	63,128	-	107,414
Receivables, Net:				
Sales Taxes	-	35,450	-	35,450
Other Receivables	9,759	-	-	9,759
Prepaid Expenses	5,601	-	-	5,601
Due from Other Funds	<u>45,068</u>	<u>-</u>	<u>-</u>	<u>45,068</u>
 Total Assets	 <u>\$ 261,986</u>	 <u>\$ 169,772</u>	 <u>\$ 58,238</u>	 <u>\$ 489,996</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,650	\$ 1,067	\$ -	\$ 4,717
Accrued Liabilities	6,833	-	-	6,833
Due to Other Funds	<u>18,986</u>	<u>7,652</u>	<u>-</u>	<u>26,638</u>
 Total Liabilities	 <u>29,469</u>	 <u>8,719</u>	 <u>-</u>	 <u>38,188</u>
 FUND BALANCE				
Reserved for Debt Service	-	-	58,238	58,238
Unreserved, Reported in:				
General Fund	232,517	-	-	232,517
Special Revenue Fund	<u>-</u>	<u>161,053</u>	<u>-</u>	<u>161,053</u>
 Total Fund Balances	 <u>232,517</u>	 <u>161,053</u>	 <u>58,238</u>	 <u>451,808</u>
 Total Liabilities and Fund Balances	 <u>\$ 261,986</u>	 <u>\$ 169,772</u>	 <u>\$ 58,238</u>	 <u>\$ 489,996</u>

VILLAGE OF FOLSOM, LOUISIANA
RECONCILIATION OF THE GOVERNMENT FUND BALANCES TO THE
GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances - Total Governmental Funds	\$	451,808
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets		381,986
Less: Accumulated Depreciation		(239,710)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds Payable		(26,700)
Compensated Absences		<u>(30,329)</u>

Net Assets of Governmental Activities	\$	<u>537,055</u>
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VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Sales Taxes	\$ -	\$ 417,756	\$ -	\$ 417,756
Other	40,993	-	-	40,993
Licenses and Permits	38,951	-	-	38,951
Insurance Licenses	69,303	-	-	69,303
Tower Lease	21,718	-	-	21,718
Fines and Forfeitures	38,324	-	-	38,324
Interest Income	2,109	2,024	420	4,553
Other Revenues	<u>21,984</u>	<u>3,799</u>	<u>-</u>	<u>25,783</u>
Total Revenues	<u>233,382</u>	<u>423,579</u>	<u>420</u>	<u>657,381</u>
EXPENDITURES				
Current:				
General Government	227,463	-	-	227,463
Public Safety	227,088	-	-	227,088
Public Works	-	93,489	-	93,489
Capital Outlay	7,471	-	-	7,471
Debt Service:				
Principal	-	-	12,617	12,617
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>1,879</u>	<u>1,879</u>
Total Expenditures	<u>462,022</u>	<u>93,489</u>	<u>14,496</u>	<u>570,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(228,640)</u>	<u>330,090</u>	<u>(14,076)</u>	<u>87,374</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	205,535	-	37,340	242,875
Transfers Out	<u>(130,000)</u>	<u>(305,475)</u>	<u>-</u>	<u>(435,475)</u>
Net Transfers	<u>75,535</u>	<u>(305,475)</u>	<u>37,340</u>	<u>(192,600)</u>
NET CHANGE IN FUND BALANCES	(153,105)	24,615	23,264	(105,226)
FUND BALANCE - BEGINNING OF YEAR	<u>385,622</u>	<u>136,438</u>	<u>34,974</u>	<u>557,034</u>
FUND BALANCE - END OF YEAR	<u>\$ 232,517</u>	<u>\$ 161,053</u>	<u>\$ 58,238</u>	<u>\$ 451,808</u>

VILLAGE OF FOLSOM, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (105,226)
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 through depreciation expense. This is the amount by which depreciation exceeded capital outlay charged in the current period.	(24,126)
Change in Governmental Fund Compensated Absences	(4,388)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	<u>12,617</u>
Change in Net Assets of Governmental Activities	<u>\$ (121,123)</u>

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

ASSETS				
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 35	\$ -	\$ 996	\$ 1,031
Investments	3,773	-	-	3,773
Due from Other Funds	2,270	-	-	2,270
Receivables:				
Water, Sewer and Garbage (Net)	<u>9,971</u>	<u>8,511</u>	<u>3,524</u>	<u>22,006</u>
Total Current Assets	<u>16,049</u>	<u>8,511</u>	<u>4,520</u>	<u>29,080</u>
NON-CURRENT ASSETS				
Restricted Cash and Cash Equivalents	67,802	19,600	-	87,402
Capital Assets (Net of Accumulated Depreciation)	<u>1,475,534</u>	<u>1,129,684</u>	<u>-</u>	<u>2,605,218</u>
Total Non-Current Assets	<u>1,543,336</u>	<u>1,149,284</u>	<u>-</u>	<u>2,692,620</u>
Total Assets	<u>1,559,385</u>	<u>1,157,795</u>	<u>4,520</u>	<u>2,721,700</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	831	1,143	1,969	3,943
Overdraft Payable	604	5,261	-	5,865
Due to Other Funds	7,814	11,002	1,884	20,700
Compensated Absences	1,474	1,729	-	3,203
Payable from Restricted Assets:				
Revenue Bonds	15,716	2,613	-	18,329
Customer Deposits	<u>17,721</u>	<u>16,180</u>	<u>-</u>	<u>33,901</u>
Total Current Liabilities	44,160	37,928	3,853	85,941
NON-CURRENT LIABILITIES				
Revenue Bonds Payable	<u>510,428</u>	<u>243,224</u>	<u>-</u>	<u>753,652</u>
Total Liabilities	<u>554,588</u>	<u>281,152</u>	<u>3,853</u>	<u>839,593</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	965,106	886,460	-	1,851,566
Restricted for:				
Revenue Bonds	33,866	339	-	34,205
Customer Deposits	499	468	-	967
Unrestricted Net Assets	<u>5,326</u>	<u>(10,624)</u>	<u>667</u>	<u>(4,631)</u>
Total Net Assets	<u>\$ 1,004,797</u>	<u>\$ 876,643</u>	<u>\$ 667</u>	<u>\$ 1,882,107</u>

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	Water	Sewer	Garbage	Total
OPERATING REVENUES				
Service Fees	\$ 88,796	\$ 60,888	\$ 23,730	\$ 173,414
Installation Fees	4,223	850	-	5,073
Other	4,939	425	138	5,502
Total Operating Revenues	<u>97,958</u>	<u>62,163</u>	<u>23,868</u>	<u>183,989</u>
OPERATING EXPENSES				
Salaries and Fringe Benefits	46,706	42,758	-	89,464
Garbage Collection	-	-	24,627	24,627
Utilities	9,580	16,321	-	25,901
Repairs and Maintenance	10,298	3,200	-	13,498
Depreciation	49,176	32,375	-	81,551
General and Administrative	8,669	26,794	-	35,463
Total Expenditures	<u>124,429</u>	<u>121,448</u>	<u>24,627</u>	<u>270,504</u>
Operating Loss	<u>(26,471)</u>	<u>(59,285)</u>	<u>(759)</u>	<u>(86,515)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	865	-	-	865
Interest and Fiscal Charges	<u>(25,578)</u>	<u>(11,164)</u>	<u>-</u>	<u>(36,742)</u>
Total Non-Operating Expenses	<u>(24,713)</u>	<u>(11,164)</u>	<u>-</u>	<u>(35,877)</u>
LOSS BEFORE TRANSFERS AND EXTRAORDINARY ITEM	(51,184)	(70,449)	(759)	(122,392)
Operating Transfers	21,250	170,550	800	192,600
Extraordinary Item	<u>-</u>	<u>436,450</u>	<u>-</u>	<u>436,450</u>
CHANGE IN NET ASSETS	(29,934)	536,551	41	506,658
NET ASSETS - BEGINNING OF YEAR	<u>1,034,731</u>	<u>340,092</u>	<u>626</u>	<u>1,375,449</u>
NET ASSETS - END OF YEAR	<u>\$ 1,004,797</u>	<u>\$ 876,643</u>	<u>\$ 667</u>	<u>\$ 1,882,107</u>

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 100,190	\$ 62,807	\$ 22,668	\$ 185,665
Payments to Suppliers	(31,353)	(39,948)	(22,658)	(93,959)
Payments to Litigants	-	(130,000)	-	(130,000)
Payments to Employees	<u>(45,751)</u>	<u>(41,551)</u>	<u>-</u>	<u>(87,302)</u>
Net Cash Provided by (Used in) Operating Activities	<u>23,086</u>	<u>(148,692)</u>	<u>10</u>	<u>(125,596)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating Transfers In	21,250	170,550	800	192,600
Proceeds (Repayment) of Interfund Borrowings to Other Funds	<u>542</u>	<u>(8,457)</u>	<u>-</u>	<u>(7,915)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>21,792</u>	<u>162,093</u>	<u>800</u>	<u>184,685</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Capital Debt	(14,038)	(2,456)	-	(16,494)
Interest Paid on Capital Debt	<u>(25,578)</u>	<u>(11,164)</u>	<u>-</u>	<u>(36,742)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(39,616)</u>	<u>(13,620)</u>	<u>-</u>	<u>(53,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	865	-	-	865
Proceeds from Sales and Maturities of Investments	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>(75)</u>
Net Cash Provided by Investing Activities	<u>790</u>	<u>-</u>	<u>-</u>	<u>790</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,052	(219)	810	6,643
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>61,785</u>	<u>19,819</u>	<u>186</u>	<u>81,790</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 67,837</u>	<u>\$ 19,600</u>	<u>\$ 996</u>	<u>\$ 88,433</u>
CASH AND CASH EQUIVALENTS RECONCILIATION				
Cash and Cash Equivalents (Unrestricted)	\$ 35	\$ -	\$ 996	\$ 1,031
Restricted Cash and Cash Equivalents	<u>67,802</u>	<u>19,600</u>	<u>-</u>	<u>87,402</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 67,837</u>	<u>\$ 19,600</u>	<u>\$ 996</u>	<u>\$ 88,433</u>

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating Loss	\$ (26,471)	\$ (59,285)	\$ (759)	\$ (86,515)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	49,176	32,375	-	81,551
Payments to Litigants	-	(130,000)	-	(130,000)
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	525	(461)	(1,201)	(1,137)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(392)	1,142	1,970	2,720
(Decrease) Increase in Bank Overdraft	(2,414)	5,225	-	2,811
Increase in Compensated Absences	955	1,207	-	2,162
Increase in Customer Deposits	<u>1,707</u>	<u>1,105</u>	<u>-</u>	<u>2,812</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 23,086</u>	<u>\$ (148,692)</u>	<u>\$ 10</u>	<u>\$ (125,596)</u>

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

INTRODUCTION

The **VILLAGE OF FOLSOM, LOUISIANA** (Village), was incorporated in 1915, under the provisions of the Lawrason Act, LRS 33:321. The Village operates under a Mayor-Board of Aldermen form of government. The Village provides police protection, maintenance of streets, water, sewer, and garbage services.

The accounting and reporting policies of the Village conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Village includes all funds which are controlled by or dependent on the Village, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Village has determined that there are no component units that are part of the reporting entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Change in Net Assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Separate financial statements are provided for governmental funds and the Village's proprietary funds. Most individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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. 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 Village 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.

Sales 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. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Village. This fund is used to account for all financial transactions and resources, except those that are required to be accounted for in another fund. Revenues are derived primarily of transfers from the Special Revenue Fund, licenses and permits, local taxes, fines and forfeitures, charges for service, and interest income. Expenditures of the General Fund include both general government and public safety.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes. The Village's Special Revenue Fund accounts for the collection of three sales tax issues described as follows:

1982 1% sales tax - All proceeds of tax are pledged and dedicated to the retirement of 1982 General obligation bonds for the sewer treatment plant. Uses of funds are as follows:

- a. Payment of all reasonable and necessary expenses of collection and administering tax.
- b. Payment of all debt service reserve accounts.
- c. Payment of all reasonable and necessary expenses of operating the system.
- d. All remaining monies will be regarded as surplus and can be used for any lawful purpose.

1986 1% sales tax - Proceeds are undesignated as to use.

1995 ½ % sales tax - Dedicated to providing police protection to the Village.

Additionally, the Village reports two Debt Service Funds - Sewer Treatment and Street Improvement Project. Debt Service Funds are used to account for the accumulation of resources for, and payment of, long-term debt principal and interest.

The Village has three proprietary funds to account for the water, sewer, and garbage services it provides to the residents and businesses of the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of, the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Principal operating revenues for the Village's proprietary funds consist of charges to customers and users of its water and sewer services. Operating expenses for the Village's proprietary funds 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 nonoperating revenues and expenses.

BUDGETS AND BUDGETARY ACCOUNTING

All proposed budgets must be completed and submitted to the Village Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means for financing them. The final budget must be adopted before the ensuing fiscal year begins.

The Village adopted a budget on a basis consistent with generally accepted accounting principles for the following funds: General Fund and Special Revenue Fund. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Village follows these procedures in establishing the budgetary data reflected in this statement:

- (1) The Mayor, Board of Aldermen, Village Clerk, and other advisory personnel assemble the necessary financial information. The Mayor submits the information for review to the Board of Aldermen at least 45 days prior to July 1 of the following year.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) Prior to the beginning of the new fiscal year, the budget is legally enacted through passage of a resolution by the Board of Aldermen.
- (4) The Mayor is authorized to transfer budgeted amounts among programs within a department, office or agency; however, any revisions that alter the total revenues and/or expenditures budgeted for any department, office, agency or fund must be approved by the Board of Aldermen.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEPOSITS AND INVESTMENTS

Cash includes amounts in demand deposits.

State Statutes authorize the Village to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. government instrumentalities which are federally sponsored, and provided such obligations are backed by the full faith and credit of the U.S. government.
- (4) Direct repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.
- (5) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933, and the Investment Act of 1940, and which have underlying investments consisting solely of, and limited to, securities of the U.S. government or its agencies.

Short-term investments are stated at amortized cost, which approximates market. Investments, as required by Government Auditing Standards Board Statement No. 31 are reported at fair value, which is determined using selected bases.

Cash and Cash Equivalents consist of cash, as defined above, including restricted cash.

ACCUMULATED UNPAID VACATION LEAVE AND SICK PAY

The Village's employees earn vacation time at the rate of one week for up to two years of service and two weeks for years of service, thereafter. Sick leave is earned at a rate of one day per month and can accumulate up to a limit of 480 hours. Sick leave is not paid upon termination or retirement. The Village has recorded a liability for unpaid compensated absences of \$30,329 for governmental activities, \$1,474 in the water enterprise fund and \$1,729 in the sewer enterprise fund.

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectability of the particular receivable. The allowance is \$1,388 for the Water Fund, \$600 for the Sewer Fund, and \$481 for the Garbage Fund at June 30, 2005.

CAPITAL ASSETS

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures in the fund financial statements, and they are recorded as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. In accordance with GASB Statement No. 34, the Village is a Phase 3 government and as such, is not required to capitalize its infrastructure retroactively. The Village has decided to record its infrastructure on a prospective basis. The Village has capitalized its water and sewer infrastructure. The Village capitalizes interest on construction in its Proprietary Funds. Capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Building Improvements	15 – 40 Years
Water and Sewer System	40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	5 – 20 Years

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM OBLIGATIONS

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

FUND EQUITY

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Net assets with constraints placed on the use either by:
 - a. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

INTERFUND TRANSACTIONS

Permanent re-allocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of 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.

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Debt Service Funds which were not budgeted. All annual appropriations lapse at fiscal year end.

The Village was in compliance with the Local Budget Act. See Note A for the procedures the Village follows regarding budgets and budgetary accounting.

The Village does not utilize encumbrance accounting.

NOTE B

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

DEPOSITS AND INVESTMENT LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The Village was in compliance with the deposit and investment laws and regulations.

COMPLIANCE WITH DEBT COVENANTS

1. Compliance with Sales Tax Bond Covenants

As of June 30, 2005, the Village was in compliance with all Sales Tax Bond Covenants.

2. Compliance with Sewer Revenue Bond Covenants

As of June 30, 2005, the Village was in compliance with all Sewer Revenue Bond Covenants.

NOTE C

CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE C

CASH AND CASH EQUIVALENTS (Continued)

At year-end, the carrying amount of the Village's bank deposits was \$375,137 (including \$87,402 of restricted cash) and the bank balance was \$384,921. The difference was primarily due to outstanding checks. Of the bank balances, approximately \$100,000 was covered by federal depository insurance. In compliance with State laws, the remaining balance of \$284,921 was secured by bank-owned securities specifically pledged to the Village and held by an independent custodian bank jointly in the name of the Village and the bank (GASB Category 3). Louisiana Revised Statutes 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

Demand Deposits	<u>\$375,137</u>
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NOTE D

INVESTMENTS

Investments held at June 30, 2005, consist of \$111,187 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at June 30, 2005, is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective June 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001, Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSR 33:2955(A)(1)(h) which allows all *municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations."* Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE D

INVESTMENTS (Continued)

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE E

CAPITAL ASSETS

The following is a summary of the change in capital assets for the fiscal year ended June 30, 2005:

<u>Governmental Activities</u>	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>
Capital Assets Not Depreciated:				
Land	\$ 14,350	-	\$ -	\$ 14,350
Capital Assets Being Depreciated:				
Water System and Equipment	1,913,675	-	-	1,913,675
Sewer System and Equipment	1,196,964	-	-	1,196,964
Buildings and Improvements	114,692	-	-	114,692
Equipment, Furniture and Vehicles	<u>261,313</u>	<u>5,981</u>	<u>-</u>	<u>267,294</u>
Total Capital Assets Being Depreciated	<u>3,486,644</u>	<u>5,981</u>	<u>-</u>	<u>3,492,625</u>
Less Accumulated Depreciation for:				
Water System and Equipment	403,600	49,176	-	452,776
Sewer System and Equipment	34,620	32,375	-	66,995
Buildings and Improvements	48,936	7,026	-	55,962
Equipment, Furniture and Vehicles	<u>160,667</u>	<u>23,081</u>	<u>-</u>	<u>183,748</u>
Total Accumulated Depreciation	<u>647,823</u>	<u>111,658</u>	<u>-</u>	<u>759,481</u>
Total Capital Assets Being Depreciated, Net	<u>2,838,821</u>	<u>(105,677)</u>	<u>-</u>	<u>2,733,144</u>
Totals	<u>\$ 2,853,171</u>	<u>\$ (105,677)</u>	<u>\$ -</u>	<u>\$ 2,747,494</u>

Depreciation was charged to governmental functions as follows:

Public Safety	\$ 7,989
Public Works	12,863
General Government	<u>9,255</u>
Total	<u>\$ 30,107</u>

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE E

CAPITAL ASSETS (Continued)

Capital outlays are reported as expenditures in the governmental funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements are summarized as follows:

Capital Outlay	\$ 5,981
Depreciation Expense	<u>(30,107)</u>
 Total Adjustment	 <u>\$ (24,126)</u>

NOTE F

EMPLOYEE PENSION PLAN

Substantially all employees of the **VILLAGE OF FOLSOM, LOUISIANA** are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

- A. Municipal Employees Retirement System of Louisiana (System) - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

Plan Description. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE F

PENSION PLAN (Continued)

Funding Policy. Under Plan B, members are required by state statute to contribute 5 percent of their annual covered salary, and the **VILLAGE OF FOLSOM, LOUISIANA** is required to contribute at an actuarially determined rate. The current rate is 9.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the **VILLAGE OF FOLSOM, LOUISIANA** are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The **VILLAGE OF FOLSOM, LOUISIANA's** required contributions to the System under Plan B for the year ended June 30, 2005, was \$12,449, equal to the required contributions for the year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service, or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the **VILLAGE OF FOLSOM, LOUISIANA** is required to contribute at an actuarially determined rate. The current rate is 21.5 percent of annual covered payroll. The contribution requirements of plan members and the **VILLAGE OF FOLSOM, LOUISIANA** are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The **VILLAGE OF FOLSOM, LOUISIANA's** required contributions to the System for the years ended June 30, 2005, 2004, and 2003 were \$22,699, \$14,402 and \$6,955, respectively, equal to the required contributions for each year.

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

**NOTE G
INSURANCE COVERAGE**

<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Coverage</u>
Auto Property Damage	8-19-04 to 8-19-05	Toyota Pickup \$3,500 Crown Victoria \$13,275 Crown Victoria \$13,275 Crown Victoria \$21,000 Ford F800 Dump Truck \$18,000 Impala \$15,000 Dodge Ram \$10,300
Commercial Property	11-13-04 to 11-13-05	Town Hall \$231,202 Water and Sewer \$65,303
Fidelity Bond	12-30-04 to 12-30-05	Mayor and Aldermen \$40,000 Clerk \$65,000 Police Clerk \$5,000
Workers Compensation	1-1-05 to 1-1-06	Each Accident \$100,000 Policy Limit \$500,000 Each Employee \$100,000
Automotive Liability	2-1-04 to 2-1-07	Total \$500,000
Commercial General Liability	2-1-04 to 2-1-07	Aggregate and Each \$500,000 Medical - per Person \$1,000 Per Accident \$10,000 Fire \$50,000
Law Enforcement Liability	1-04 to 2-1-07	\$500,000
Errors and Omissions	2-1-04 to 2-1-07	\$500,000

**NOTE H
UTILITY RATES**

Water		
Up to 2,000 Gallons		\$9
2,001 to 5,000		Additional \$2.10 per Thousand
5,001 to 10,000		Additional \$1.10 per Thousand
Over 10,001		Additional \$1.00 per Thousand
Sewer, Residential		
Up to 2,000		\$12.50
Over 2,000		\$2.00 per Thousand
Sewer, Commercial		
Up to 2,000		\$30.00
Over 2,000		\$2.00 per Thousand
Garbage		Fixed Rate of \$12.25

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

**NOTE H
UTILITY RATES (Continued)**

At June 30, 2005, the Village served the following customers:

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water	374	79	453
Sewer	155	36	191
Garbage	161	-	161

**NOTE I
ENTERPRISE FUND RECEIVABLES**

At June 30, 2005, the Village's accounts receivable from utility customers is aged as follows:

Current	\$ 18,744
31 to 60 Days	1,376
61 to 90 Days	879
91 and Over	<u>3,476</u>
	24,475
Less Allowance for Doubtful Accounts	<u>(2,469)</u>
	<u>\$ 22,006</u>

**NOTE J
LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions and total long-term liabilities of the Village for the year ended June 30, 2005:

	<u>Sales Tax General Obligation</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Total</u>
Bonds and Notes at July 1, 2004	\$ 39,317	\$ 540,182	\$ 248,293	\$ 827,792
Bonds Issued	-	-	-	-
Bonds Retired	<u>(12,617)</u>	<u>(14,038)</u>	<u>(2,456)</u>	<u>(29,111)</u>
Bonds and Notes at June 30, 2005	<u>\$ 26,700</u>	<u>\$ 526,144</u>	<u>\$ 245,837</u>	<u>\$ 798,681</u>

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE J

LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

\$200,000 Public Improvement Sales Tax Bonds
dated 5/6/82, due in annual installments of \$14,496
including interest at 5% annually through May 7, 2007 \$ 26,700

Revenue Bonds - Water

\$145,000 Utility Bonds dated 11/1/72; purchased
by USDA - Rural Utilities Service, due in monthly
installments of \$717, with interest of 5% per annum
through January 1, 2012, secured by the revenues
of the Water Fund \$ 30,554

\$550,000 Utility Bonds dated 3/15/99; purchased
by USDA - Rural Utilities Service, due in monthly
installments of \$2,585, with interest at 4.75% per annum
through February 29, 2039, secured by the revenues
of the Water Fund 495,590

\$ 526,144

Revenue Bonds - Sewer

\$250,000 Utility Bonds dated 9/9/02; purchased
by USDA - Rural Utilities Service, due in monthly
installments of \$1,135, with interest at 4.5% per annum
beginning in February 2004, through February 2044,
secured by the revenues of the Sewer Fund \$ 245,837

**VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005**

**NOTE J
LONG-TERM LIABILITIES (Continued)**

The future debt service requirements of the bonds are as follows:

	Governmental		Water Revenue		Sewer Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	13,123	1,373	14,884	24,731	2,613	11,007	30,620	37,111
2007	13,577	786	15,626	23,990	2,733	10,887	31,936	35,663
2008	-	-	16,404	23,212	2,858	10,762	19,262	33,974
2009	-	-	16,470	22,394	2,990	10,630	19,460	33,024
2010	-	-	9,228	21,784	3,127	10,493	12,355	32,277
2011 - 2015	-	-	53,308	101,751	17,926	50,174	71,234	151,925
2016 - 2020	-	-	67,568	87,491	22,430	45,660	89,998	133,151
2021 - 2025	-	-	85,643	69,417	28,090	40,020	113,733	109,437
2026 - 2030	-	-	108,550	46,511	35,162	32,938	143,712	79,449
2031 - 2035	-	-	136,643	17,984	44,016	24,083	180,659	42,067
2036 - 2040	-	-	1,820	766	55,370	13,009	57,190	13,775
2041 - 2045	-	-	-	-	28,522	1,515	28,522	1,515
	<u>\$ 26,700</u>	<u>\$ 2,159</u>	<u>\$526,144</u>	<u>\$440,031</u>	<u>\$245,837</u>	<u>\$261,178</u>	<u>\$798,681</u>	<u>\$703,368</u>

**NOTE K
INTERFUND RECEIVABLES/PAYABLES**

The primary purpose of interfund receivables/payables is to loan monies from the General Fund to individual funds to cover current expenditures. Individual fund balances due from/to other funds at June 30, 2005, are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 45,068	\$ 18,986
Special Revenue Fund	-	7,652
Enterprise:		
Water Fund	2,270	7,814
Sewer Fund	-	11,002
Garbage Fund	-	1,884
	<u>\$ 47,338</u>	<u>\$ 47,338</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE L

INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund to the particular funds for which the sales tax revenue is to be used.

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund:		
Enterprise:		
Sewer	\$ -	\$ 130,000
Special Revenue Fund	<u>205,535</u>	<u>-</u>
	<u>205,535</u>	<u>130,000</u>
Special Revenue Fund:		
General Fund	-	205,535
Debt Service:		
Sewer Treatment Fund	-	15,048
Street Improvement Project Fund	-	22,292
Enterprise:		
Water	-	21,250
Sewer	-	40,550
Garbage	<u>-</u>	<u>800</u>
	<u>-</u>	<u>305,475</u>
Debt Service:		
Sewer Treatment Fund		
Special Revenue Fund	15,048	-
Street Improvement Project		
Special Revenue Fund	<u>22,292</u>	<u>-</u>
Total Debt Service Funds	<u>37,340</u>	<u>-</u>
Enterprise:		
Water Fund:		
Special Revenue Fund	<u>21,250</u>	<u>-</u>
Sewer Fund:		
Special Revenue Fund	40,550	-
General Fund	<u>130,000</u>	<u>-</u>
	<u>170,550</u>	<u>-</u>
Garbage Fund:		
Special Revenue Fund	<u>800</u>	<u>-</u>
Total Enterprise Funds	<u>192,600</u>	<u>-</u>
Total Transfers	<u>\$ 435,475</u>	<u>\$ 435,475</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE M

EXTRAORDINARY ITEM

During the year ended June 30, 2001, the Village was assessed a penalty of \$466,450 by the Louisiana Department of Environmental Quality relating to deficiencies in the Village's operation of its sewer plant over the past five years. This penalty had been recorded as a liability.

In the year ended June 30, 2000, local residents sued the Village for damages as a result of discharge of sewer effluent across their property without specific written consent from the residents. The Village's legal counsel estimated a chance of an unfavorable outcome to be probable, and would be in a range of \$100,000 to \$150,000. Accordingly, the Village had recorded a liability in the amount of \$100,000.

On January 12, 2005, the Village settled the contingencies described above with payments totaling \$130,000. The Village has been released from any other damages associated with the lawsuit and penalty. Accordingly, an extraordinary item of \$436,450 has been recorded in the year ended June 30, 2005, for the difference in the settlement and the liability previously accrued.

NOTE N

RESTRICTED ASSETS

On September 9, 2002, the Village issued \$500,000 of Utility Revenue Bonds, and on March 15, 2000, the Village issued \$550,000 of Utility Revenue Bonds, the proceeds to fund, along with a grant from U.S. Department of Agriculture, the Village's water system improvements. The bond resolution of these issues, and also the resolution of Series 1972 Water Revenue Bonds, require the Village to restrict and maintain the following funds:

Revenue Bond Sinking Fund - The requirement calls for the establishment and maintenance of a Sewer Utility Revenue Bond and Sinking Fund sufficient to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable. As the Village makes monthly bond payments on both issues, the U. S. Department of Agriculture has waived this requirement.

Revenue Bond Reserve Fund - The Village is required to deposit monthly \$130 until the reserve requirement equal to the highest annual debt service (principal and interest) is obtained. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2005.

Depreciation and Contingency Fund - The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$185 per month are to be deposited with the regularly designated fiscal agent of the Village. This requirement has been met at June 30, 2005.

NOTE O

CASH FLOWS DISCLOSURE

During the year ended June 30, 2005, the Village's Enterprise Funds paid interest of \$36,742.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULES

VILLAGE OF FOLSOM, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Taxes	\$ 45,300	\$ 45,300	\$ 40,993	\$ (4,307)
Licenses and Permits	21,000	21,000	38,951	17,951
Insurance Licenses	60,000	60,000	69,303	9,303
Tower Lease	-	-	21,718	21,718
Fines and Forfeitures	49,825	49,825	38,324	(11,501)
Interest Income	2,025	2,025	2,109	84
Miscellaneous	<u>32,000</u>	<u>32,000</u>	<u>21,984</u>	<u>(10,016)</u>
Total Revenues	<u>210,150</u>	<u>210,150</u>	<u>233,382</u>	<u>23,232</u>
EXPENDITURES				
Current:				
General Government	224,400	224,400	227,463	(3,063)
Public Safety - Police	224,150	224,150	227,088	(2,938)
Capital Outlay	34,500	34,500	7,471	27,029
Debt Service	<u>7,900</u>	<u>7,900</u>	<u>-</u>	<u>7,900</u>
Total Expenditures	<u>490,950</u>	<u>490,950</u>	<u>462,022</u>	<u>28,928</u>
Deficiency of Revenues Under Expenditures	(280,800)	(280,800)	(228,640)	52,160
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	202,000	202,000	205,535	3,535
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>(130,000)</u>
Total Other Financing Sources (Uses)	<u>202,000</u>	<u>202,000</u>	<u>75,535</u>	<u>(126,465)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (78,800)</u>	<u>\$ (78,800)</u>	(153,105)	<u>\$ (74,305)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>385,622</u>	
FUND BALANCE - END OF YEAR			<u>\$ 232,517</u>	

VILLAGE OF FOLSOM, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
GENERAL GOVERNMENT				
Salaries	\$ 67,800	\$ 67,800	\$ 55,428	\$ 12,372
Aldermen's and Mayor's Expense	19,800	19,800	28,725	(8,925)
Payroll Taxes	7,500	7,500	1,607	5,893
Employee Pension Plan	11,000	11,000	12,449	(1,449)
Employee Health Insurance	17,300	17,300	13,749	3,551
Building Inspection Fees	4,000	4,000	7,889	(3,889)
Dues and Subscriptions	1,000	1,000	646	354
Vehicle Expense	4,000	4,000	3,396	604
Insurance	22,000	22,000	14,370	7,630
Legal and Professional	25,000	25,000	33,826	(8,826)
Office Supplies	5,000	5,000	5,810	(810)
Publications	4,000	4,000	2,592	1,408
Recreation	1,000	1,000	-	1,000
Repairs and Maintenance	4,500	4,500	2,484	2,016
Supplies	6,100	6,100	4,404	1,696
Animal Control	1,400	1,400	-	1,400
Utilities	12,000	12,000	11,196	804
STMA/Centennial	3,000	3,000	8,747	(5,747)
Other	8,000	8,000	20,145	(12,145)
	<u>8,000</u>	<u>8,000</u>	<u>20,145</u>	<u>(12,145)</u>
 Total General Government	 <u>\$ 224,400</u>	 <u>\$ 224,400</u>	 <u>\$ 227,463</u>	 <u>\$ (3,063)</u>

Schedule 2 (Continued)

VILLAGE OF FOLSOM, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
PUBLIC SAFETY				
Salaries	\$ 129,000	\$ 129,000	\$ 119,620	\$ 9,380
Employee Health Insurance	19,500	19,500	27,222	(7,722)
Retirement	10,000	10,000	22,699	(12,699)
Payroll Taxes	5,000	5,000	4,194	806
Fuel	6,500	6,500	10,447	(3,947)
Insurance	22,500	22,500	17,152	5,348
Law Enforcement Fees	4,050	4,050	1,304	2,746
Legal and Professional	3,100	3,100	2,333	767
Other	500	500	1,345	(845)
Repairs and Maintenance	6,500	6,500	9,708	(3,208)
Supplies and Uniforms	8,500	8,500	5,590	2,910
Telephone	6,000	6,000	5,274	726
Training	3,000	3,000	200	2,800
	<u>3,000</u>	<u>3,000</u>	<u>200</u>	<u>2,800</u>
Total Public Safety	<u>\$ 224,150</u>	<u>\$ 224,150</u>	<u>\$ 227,088</u>	<u>\$ (2,938)</u>

VILLAGE OF FOLSOM, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
For the Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Taxes:				
Sales and Use	\$ 400,000	\$ 400,000	\$ 417,756	\$ 17,756
Charges for Services	3,690	3,690	3,684	(6)
Other	500	500	115	(385)
Interest Income	<u>1,100</u>	<u>1,100</u>	<u>2,024</u>	<u>924</u>
Total Revenues	<u>405,290</u>	<u>405,290</u>	<u>423,579</u>	<u>18,289</u>
EXPENDITURES				
Public Works:				
Salaries	48,700	48,700	48,241	459
Payroll Taxes	2,220	2,220	1,449	771
Health Insurance	8,300	8,300	9,404	(1,104)
Insurance	8,700	8,700	8,278	422
Legal and Professional	6,000	6,000	-	6,000
Dumpster	1,500	1,500	1,852	(352)
Repairs and Maintenance	7,100	7,100	8,958	(1,858)
Supplies	3,000	3,000	3,787	(787)
Street Lighting	6,000	6,000	7,546	(1,546)
Other	2,600	2,600	3,974	(1,374)
Capital Outlay	<u>7,900</u>	<u>7,900</u>	<u>-</u>	<u>7,900</u>
Total Expenditures	<u>102,020</u>	<u>102,020</u>	<u>93,489</u>	<u>8,531</u>
EXCESS OF REVENUES OVER EXPENDITURES	303,270	303,270	330,090	26,820
OTHER FINANCING SOURCES (USES)				
Operating Transfers	<u>(384,500)</u>	<u>(384,500)</u>	<u>(305,475)</u>	<u>79,025</u>
Total Other Financing Sources (Uses)	<u>(384,500)</u>	<u>(384,500)</u>	<u>(305,475)</u>	<u>79,025</u>
NET CHANGE IN FUND BALANCE	<u>\$ (81,230)</u>	<u>\$ (81,230)</u>	24,615	<u>\$ 105,845</u>
FUND BALANCE - BEGINNING OF YEAR			<u>136,438</u>	
FUND BALANCE END OF YEAR			<u>\$ 161,053</u>	

OTHER SUPPLEMENTAL INFORMATION

Other Supplemental Information
Schedule 1

**VILLAGE OF FOLSOM, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2005**

	Debt Service		
	Sewer Treatment	Street Improvement Project	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 31,930	\$ 26,308	\$ 58,238
Total Assets	\$ 31,930	\$ 26,308	\$ 58,238
FUND BALANCE			
Fund Balance:			
Reserved for Debt Service	\$ 31,930	\$ 26,308	\$ 58,238
Total Fund Balance	\$ 31,930	\$ 26,308	\$ 58,238

Other Supplemental Information
Schedule 2

VILLAGE OF FOLSOM, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	Debt Service		
	Sewer Treatment	Street Improvement Project	Total Non-Major Governmental Funds
REVENUES			
Interest Income	\$ 299	\$ 121	\$ 420
Total Revenues	299	121	420
EXPENDITURES			
Debt Service:			
Principal	12,617	-	12,617
Interest and Fiscal	1,879	-	1,879
Total Expenditures	14,496	-	14,496
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(14,197)	121	(14,076)
OTHER FINANCING SOURCES			
Operating Transfers In	15,048	22,292	37,340
Total Other Financing Sources	15,048	22,292	37,340
NET CHANGE IN FUND BALANCE	851	22,413	23,264
FUND BALANCE - BEGINNING OF YEAR	31,079	3,895	34,974
FUND BALANCE - END OF YEAR	\$ 31,930	\$ 26,308	\$ 58,238

Other Supplemental Information
Schedule 3

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF GOVERNING BOARD
June 30, 2005

<u>Board of Aldermen</u>	<u>Term of Office</u>	<u>Compensation</u>
George Garrett P.O. Box 44 Folsom, LA 70437 (985) 796-5745	December 31, 2006	\$ 6,975
Ronald Holliday P.O. Box 575 Folsom, LA 70437 (985) 796-5689	December 31, 2006	\$ 6,975
John T. Mathies 82337 Austin St. Folsom, LA 70437 (985) 796-0012	December 31, 2006	\$ 6,975



**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**

To the Honorable Marshall Brumfield
and Members of the Board of Aldermen
Village of Folsom, Louisiana

We have audited the financial statements of **VILLAGE OF FOLSOM, LOUISIANA** as of and for the year ended June 30, 2005, and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered **VILLAGE OF FOLSOM, LOUISIANA's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. *Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **VILLAGE OF FOLSOM, LOUISIANA's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of the **VILLAGE OF FOLSOM, LOUISIANA** and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

August 5, 2005