

2375

OFFICIAL
FILE COPY

DO NOT SEND OUT

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

RECEIVED
LEGISLATIVE AUDITOR
97 JAN 27 AM 9:05

FINANCIAL STATEMENTS AND
AUDITORS REPORTS

VILLAGE OF FOLSOM

Year Ended June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited or reviewed entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date FEB 26 1997

FOLSOM, LOUISIANA

General Purpose Financial Statements
As of and For the Year Ended June 30, 1996
With Supplemental Information Schedules

C O N T E N T S

	Statement	Page
INDEPENDENT AUDITORS' REPORT		1
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		5
GENERAL PURPOSE FINANCIAL STATEMENTS:		
COMBINED BALANCE SHEET - ALL FUND TYPE, ACCOUNT GROUPS	A	8
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/EQUITY - GOVERNMENTAL FUNDS	B	10
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT:		
GENERAL AND SPECIAL REVENUE FUNDS	C	11
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCES - PROPRIETARY FUNDS	D	13
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	E	14
NOTES TO FINANCIAL STATEMENTS:		
NOTES TO THE FINANCIAL STATEMENTS		16

C O N T E N T S (Continued)

	Statement	Page
SUPPLEMENTAL INFORMATION SCHEDULES:		
PRIMARY GOVERNMENT:		
SPECIAL REVENUE FUNDS		33
DEBT SERVICE FUND:		34
COMBINING BALANCE SHEET	1	35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	2	36
CAPITAL PROJECT FUNDS:		37
COMBINING BALANCE SHEET	3	38
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	4	39
PROPRIETARY FUND		40
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS	5	41
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	6	42
OTHER AUDITORS REPORTS:		
INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE		43
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS		45
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS		47
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS		49

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

INDEPENDENT AUDITOR'S REPORT

Mayor Darrell Magee and Board of Aldermen
Village of Folsom, Louisiana

We have audited the accompanying general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Folsom, Louisiana management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Folsom, Louisiana, as of June 30, 1996, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Sincerely,



Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana
January 3, 1997

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Mayor Darrell Magee and Board of Aldermen
Folsom, Louisiana

We have audited the general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 3, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Folsom, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Folsom, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding: Deposits were not made on a daily basis. In order to safeguard receipts, it is a good practice to deposit receipts daily. Checks should be endorsed "For deposit only", Village of Folsom and the account number upon receipt and any receipts not deposited at the days end should be kept in the safe.

Cause: Absence of established procedure.

Management's response: The clerk will establish a cutoff time each day for that day's deposit and any funds received after that time will be stored in the safe and properly endorsed for deposit with the subsequent days receipts.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Folsom, Louisiana, in a separate letter dated January 13, 1997.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor Darrell Magee and Board of Aldermen
Folsom, Louisiana

We have audited the general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 3, 1997.

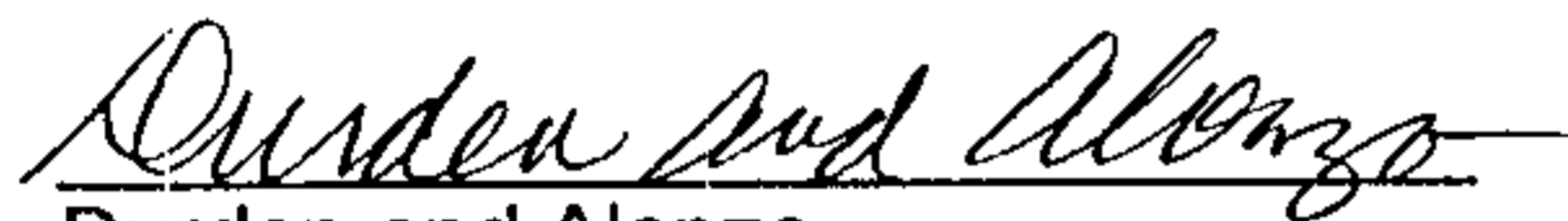
We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Folsom, is the responsibility of Folsom, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Folsom's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed The following instances of noncompliance that are required to be reported herein under *Governmental Auditing Standards* for which no provision for any liability has been recognized in the Village of Folsom's 1996 financial statements.

1. The Village failed to obtain State Bond Commission approval for a \$7,800. loan to purchase an automobile for the police fund. When Village officials learned of this act of noncompliance (within two months of making the loan) they immediately paid off the loan.
2. The Village failed to file its audited financial statements in a timely manner pursuant to LSA-RS 24:513. The Village acknowledges this noncompliance and will, in the future file its reports in accordance with the applicable statutes.

We considered these instances of noncompliance in forming our opinion on whether the Village of Folsom's June 30, 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated January 3, 1997, on those financial statements.



Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana
January 3, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

FOLSOM, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1996

	Governmental Fund Types				Proprietary Fund	Account Groups			Total Memo Only
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		General Fixed Assets	Long-Term Obligations	General	
ASSETS AND OTHER DEBITS									
Assets:									
Cash and cash equivalents									
Investments									
Receivables (net or allowables for uncollectibles)	\$106,929.	\$ 40,992.	\$ 3,783.	\$ 87.	\$ 48,492.	\$	\$	\$	\$ 200,283.
Interfund receivable	11,767.	26,983.	0.	0.	11,499.	0.	0.	0.	50,249.
Prepaid expenditures	8,367.	0.	0.	0.	0.	0.	0.	0.	8,367.
Restricted assets	697.	0.	0.	0.	0.	0.	0.	0.	697.
Other assets	0.	0.	20,855.	0.	35,043.	0.	0.	0.	55,898.
Land, buildings and equipment (net, where applicable, of accumulated depreciation)	0.	0.	0.	0.	179,703.	1227,185.	0.	1406,888.	
Other debits:									
Amount available in debt service funds	0.	0.	0.	0.	0.	0.	24,638.	24,638.	
Amount to be provided for retirement of general long-term obligations	0.	0.	0.	0.	0.	0.	0.	0.	
TOTAL ASSETS AND OTHER DEBITS	<u>\$230,226.</u>	<u>\$180,623.</u>	<u>\$24,638.</u>	<u>\$ 87.</u>	<u>\$326,174.</u>	<u>\$1227,185.</u>	<u>\$337,359.</u>	<u>\$2326,292.</u>	

The accompanying notes are an integral part of this statement.

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

(504) 839-4413
FAX (504) 839-4402

RECEIVED
LEGISLATIVE AUDITOR

97 JAN 27 AM 9:04

William R. Durden

Donna W. Alonzo

Honorable Mayor Darrell Magee
and Board of Aldermen
Village of Folsom, Louisiana

Dear Mayor Magee:

We have audited the accompanying general purpose financial statements of the Village of Folsom, Louisiana as of and for the year ended June 30, 1996 and have issued our report thereon dated January 3, 1997.

In planning and performing our audit, we considered the internal control structure in order to determine the timing and extent of our auditing procedures, and in accordance with generally accepted governmental auditing standards. We also performed tests of the village's compliance with applicable laws and regulations. In the course of our examination, we discovered certain immaterial weaknesses in the internal control structure that we are required to report to you.

1. Purchases - Purchase orders should be attached to the paid invoice for which it is related and should be obtained prior to the purchase of the expenditure it is for. The purchase order is an approval to purchase, not for payment. This procedure was noted as lacking mainly in the Police fund, purchases made in the other funds appear to follow the established procedure. Also, one method of purchasing fuel for the police department needs to be established, our recommendation is to use fuelman because of the accountability billing system it uses and the economic benefit to the village. It should be emphasized to the users the importance of using correct mileage readings as they are the basis for accountability for this system.
2. Minutes of meetings - The following items should be documented in the minutes of the Village's monthly meetings as evidence of boards' approval:
 - New bank accounts that are established.
 - The hiring, termination, promotion of employees.
 - Employees' rates of pay upon hiring, and raises.
3. Fixed assets - The list of property, plant and equipment needs to show the date and amount of purchase or an estimated historical cost for each item listed. This list needs to be balanced with the assets recorded in the General Fixed Assets Account Group and the assets recorded in the Enterprise Fund. The list needs to be updated annually to include purchases for each year and any deletions that have been approved by the council.

page 3

It has been a pleasure to be of service to the Village of Folsom.
If we may be of assistance in the future, please do not hesitate
to contact our office.

Sincerely,

A handwritten signature in cursive script that reads "Durden and Alonzo". The signature is written in dark ink and is positioned above a horizontal line.

Durden and Alonzo,
Certified Public Accountants

January 13, 1997

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1996

	Governmental Fund Types				Proprietary Fund	Account Groups			Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Enterprise Fund	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY, AND OTHER CREDITS									
Liabilities:									
Accounts, salaries, and other payables	\$ 6,925.	\$ 717.	\$ 0.	\$ 1,372.	\$ 2,471.	\$ 0.	\$ 0.	\$ 0.	\$ 11,485.
Contracts payable	0.	0.	0.	2,268.	0.	0.	0.	0.	2,268.
Payable from restricted assets	0.	0.	0.	0.	18,380.	0.	0.	0.	18,380.
Interfund payable	0.	2,455.	0.	1,804.	4,108.	0.	0.	0.	8,367.
Compensated absences payable	0.	0.	0.	0.	1,270.	0.	3,110.	0.	4,380.
Bonds payable	0.	0.	0.	0.	83,016.	0.	334,249.	0.	417,265.
Total liabilities	<u>6,925.</u>	<u>3,172.</u>	<u>0.</u>	<u>5,444.</u>	<u>109,245.</u>	<u>0.</u>	<u>337,359.</u>	<u>0.</u>	<u>462,145.</u>
Equity and other credits:									
Contributed capital	0.	0.	0.	0.	127,943.	0.	0.	0.	127,943.
Investment in general fixed assets	0.	0.	0.	0.	0.	1,227,185.	0.	0.	1,227,185.
Retained earnings	0.	0.	0.	0.	88,986.	0.	0.	0.	88,986.
Fund balances: Reserved for debt service	0.	0.	24,638.	0.	0.	0.	0.	0.	24,638.
Undesignated Total Equity and Other Credits	<u>223,301.</u>	<u>177,451.</u>	<u>0.</u>	<u>(5,357.)</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>395,395.</u>
	<u>223,301.</u>	<u>177,451.</u>	<u>24,638.</u>	<u>(5,357.)</u>	<u>216,929.</u>	<u>1,227,185.</u>	<u>0.</u>	<u>0.</u>	<u>1,864,147.</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$230,226.</u>	<u>\$180,623.</u>	<u>\$24,638.</u>	<u>\$ 87.</u>	<u>\$326,174.</u>	<u>\$1,227,185.</u>	<u>\$337,359.</u>	<u>\$23,226.</u>	<u>\$2,326,292.</u>

The accompanying notes are an integral part of this statement.

FOLSOM, LOUISIANA

GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the year Ended June 30, 1996

	Governmental Funds					Total Memorandum Only
	General	Special Revenue	Debt Service Fund	Capital Projects Fund		
REVENUES:						
Taxes:						
Sales and use	\$ 0.	\$258,495.	0.	0.	0.	\$258,495.
Licenses and permits	66,170.	0.	0.	0.	0.	66,170.
Intergovernmental revenues:						
Federal grants	0.	0.	0.	28,546.	0.	28,546.
State funds:						
Parish transportation funds	0.	3,702.	0.	0.	0.	3,702.
Parish equalization funds	20,919.	0.	0.	0.	0.	20,919.
Fees, charges, commissions	27,091.	0.	0.	0.	0.	27,091.
Fines and forfeitures	10,946.	0.	0.	0.	0.	10,946.
Other revenues	4,200.	3,905.	845.	0.	0.	8,950.
Total revenues	129,326.	266,102.	845.	28,546.	0.	424,819.
EXPENDITURES:						
General government:						
Executive	7,450.	0.	0.	0.	0.	7,450.
Finance and administrative	75,673.	32,591.	0.	0.	0.	108,264.
Public safety	71,442.	0.	0.	0.	0.	71,442.
Public works	4,096.	12,685.	0.	33,092.	0.	49,873.
Debt service	0.	0.	36,596.	0.	0.	36,596.
Other expenditures	3,397.	0.	12.	0.	0.	3,409.
Total expenditures	162,058.	45,276.	36,608.	33,092.	0.	277,034.
Excess (Deficiency) of Revenues over expenditures	(32,732.)	220,826.	(35,763.)	(4,546.)		147,785.
Other financing sources:						
Transfers from other funds	96,794.	0.	37,875.	14,265.		148,934.
Transfers to other funds	0.	(187,864.)	0.	0.		(187,864.)
Total other financing sources	96,794.	(187,864.)	37,875.	14,265.		(38,930.)
Excess (Deficiency) of Revenues and other sources over expenditures and other uses	64,062.	32,962.	2,112.	9,719.		108,855.
Fund balance, beginning of year	159,239.	144,489.	22,526.	(15,076.)		311,178.
Fund balance, end of year	\$ 223,301.	\$ 177,451.	\$ 24,638.	(\$ 5,357.)		\$ 420,033.

The accompanying notes are an integral part of this statement.

FOLSOM, LOUISIANA

GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
 Combined Statement of Revenues, Expenditures, and Changes
 in Fund Balances - Budget (GAAP) and Actual
 For the Year Ended June 30, 1996

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes:						
Sales	\$ 0.	\$ 0.	\$ 0.	\$240,500.	\$258,495.	\$ 17,995.
Licenses and Permits	54,300.	66,170.	11,870.	0.	0.	0.
Intergovernmental revenues:						
Federal grants	0.	0.	0.	0.	0.	0.
State funds:						
Parish transportation funds	0.	0.	0.	3,684.	3,702.	18.
Parish equalization funds	15,200.	20,919.	5,719.	0.	0.	0.
Fees, charges, and commissions for services	25,000.	27,091.	2,091.	0.	0.	0.
Fines and forfeitures	10,050.	10,946.	896.	0.	0.	0.
Loan proceeds	7,800.	0.	(7,800.)	0.	0.	0.
Other revenues	3,850.	4,200.	350.	0.	0.	0.
Total Revenue	<u>116,200.</u>	<u>129,326.</u>	<u>13,126.</u>	<u>248,416.</u>	<u>3,905.</u>	<u>(327.)</u>
Expenditures:						
General government:						
Executive	7,500.	7,450.	50.	0.	0.	0.
Finance and administrative	78,050.	75,673.	2,377.	38,700.	32,591.	6,109.
Public safety	75,108.	71,442.	3,666.	0.	0.	0.
Public works	2,800.	4,096.	(1,296.)	8,500.	12,685.	(4,185.)
Other expenditures	4,250.	3,397.	853.	0.	0.	0.
Total expenditures	<u>167,708.</u>	<u>162,058.</u>	<u>5,650.</u>	<u>47,200.</u>	<u>45,276.</u>	<u>1,924.</u>
Excess (Deficiency) of Revenues over Expenditures	(<u>51,508.</u>)	(<u>32,732.</u>)	<u>18,776.</u>	<u>201,216.</u>	<u>220,826.</u>	<u>19,610.</u>

The accompanying notes are an integral part of this statement

FOLSOM, LOUISIANA

GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
 Combined Statement of Revenues, Expenditures, and Changes
 in Fund Balances - Budget (GAAP) and Actual
 For the Year Ended June 30, 1996

Other financing sources (uses):					
Transfers from other funds	93,500.	96,794.	3,294.	0.	0.
Transfers to other funds	0.	0.	0.	186,140.	(187,864.)
Total other financing sources (uses)	93,500.	96,794.	3,294.	186,140.	(187,864.)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and other uses	\$ 41,992.	64,062.	\$ 22,070.	\$ 15,076.	32,962.
Fund balance Beginning of year		159,239.			144,489.
Fund balance End of year		\$223,301.			\$ 177,489.

The accompanying notes are an integral part of this statement.

STATEMENT D

FOLSOM, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND
Year Ended June 30, 1996

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for service -	
Water fees	\$ 66,692.
Sewer service fees	28,776.
Garbage services	8,220.
Installations - water	2,810.
Installations - sewer	250.
Delinquent fees	<u>3,858.</u>
Total operating revenues	<u>110,606.</u>
Operating expenses:	
Water department expenses	24,425.
Sewer department expenses	51,517.
Garbage collection expense	20,575.
General and administrative	<u>6,207.</u>
Total operating expenses	<u>102,724.</u>
Operating income (loss) before depreciation	7,882.
Depreciation	(<u>7,619.</u>)
Operating income (loss)	<u>263.</u>
Non-operating revue (expenses)	
Interest revenue	1,715.
Interest expense	(4,263.)
Other revenue	413.
Operating transfers in:	
Special revenue fund	<u>38,930.</u>
Net income (loss)	37,058.
Retained earnings, beginning	<u>51,928.</u>
Retained earnings, ending	<u>\$ 88,986.</u>

The accompanying notes are an integral part of this statement.

FOLSOM, LOUISIANA

PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For Year Ended June 30, 1996

Cash provided internally:		
Net income (loss)		\$ 37,050.
Items not requiring the use of cash:		
Depreciation		7,619.
Cash provided (used) from operations		
changes in working capital:		
Increase in restricted cash	(\$ 5,172.)	
Increase in receivables	(1,812.)	
Decrease in prepaids	729.	
Decrease in accounts payable		
and accruals	(2,424.)	
Increase in due to other funds	1,415.	
Increase in compensated absences	<u>119.</u>	
Total cash provided (used) internally		(7,145.)
Cash flows/uses from investing activities:		
Investment in LAMP funds		(51,233.)
Purchase of equipment		(123.)
Cash flows/uses from financing activities:		
Debt reduction		
Bonds payable		(<u>4,366.</u>)
Net increase (decrease) in cash flows		(18,198.)
Cash balance at beginning of year		<u>66,691.</u>
Cash balance at end of year		<u>\$ 48,493.</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 1996

INTRODUCTION

The Village of Folsom was incorporated March 12, 1915 under the provisions of the Lawrason Act, LSA-R.S. 33:321. The Village is located in the north west portion of St. Tammany parish and covers approximately one square mile in area. The Village provides police protection, maintenance of streets and byways, water, sewer and garbage services, building and zoning guidance and general government services for its 495 residents. The board is comprised of a mayor and three aldermen, all of which are elected by the voting populace of the Village of Folsom. The mayor is compensated at the rate of \$300.00 for each regular meeting attended. The aldermen are compensated at the rate of \$100.00 for each regular meeting and \$50.00 for each special meeting attended. The Village employs five full-time and four part-time employees to fulfill its obligations to the public. The Village provides water service to approximately 282 commercial and residential customers and sewer and garbage services to an average of 135 customers. Approximately twelve miles of paved roads are maintained by the Village within its incorporated limits and surrounding areas.

1 Summary of Significant Accounting Policies

A. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the village of Folsom 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, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Folsom for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (continued)
Year Ended June 30, 1996

- a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Village of Folsom and its component units. Considering this criteria, the Village of Folsom does not share a relationship with any other governmental agency that could be considered a component unit.

B. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

1. General Fund - the general fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (continued)
For the year Ended June 30, 1996

2. Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. In addition, the General Fund of each blended component unit is reported as a special revenue fund.
3. Debt service funds - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. Capital projects fund - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Funds - Account for the general utility services offered by the Village, including water, sewer and garbage services, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

This report includes all funds and account groups which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (continued)
For the year Ended June 30, 1996

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. the modified accrual basis of accounting is used by all governmental funds. the governmental funds use the following practices in recording revenues and expenditures:

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time.

Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

Other Financing Sources are transfers between funds that are not expected to be repaid and are recorded in both funds when they become measurable.

All proprietary funds are accounting for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

D. BUDGETS

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Village clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior the beginning of each fiscal year.

2. The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (continued)
For the year Ended June 30, 1996

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

6. All budgetary appropriations lapse at the end of the fiscal year.

7. Budgets for the General, Special Revenue, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

E. ENCUMBRANCES

The Village of Folsom does not use encumbrance accounting.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law, or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (continued)
For the year Ended June 30, 1996

G. SHORT TERM 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 other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. PREPAID ITEMS

The Village uses the allocation method to account for prepaid items.

I. RESTRICTED ASSETS

Restricted assets on the balance sheet consist of resources set aside for the repayment of enterprise fund revenue bonds and general obligation bonds in the debt service fund. Both bond covenants require the establishment of: (1) A Bond Sinking Fund by depositing monthly, in advance of the 20th day of each month, a sum equal to 1/12 of the principal and interest falling due on the next payment date, (2) A Bond Reserve Fund by depositing monthly a sum at least equal to 5% of the amount required to be paid into the aforementioned Bond Sinking Fund.

Payments are to continue until an amount equal to the highest annual debt service payable in any future year is attained in this account, and (3) A Depreciation and Contingency Fund by depositing monthly a stated amount (\$26.00 for the general obligation bond and \$35.00 for the water revenue bond). This fund may be used for making extra-ordinary repairs, maintenance, replacements, extensions, and improvements which will either enhance its revenue-producing capacity or provide a higher degree of service. Withdrawals may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds. Withdrawals from these funds require prior approval from the Rural Economic Community Development representative.

J. FIXED ASSETS

Fixed assets of governmental fund are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

Fixed assets used in the proprietary funds operations are included on the balance sheet of the funds net of accumulated depreciation, except for the sewer treatment plant, which is financed by sales tax revenues, not user fees. Thus, the sewer treatment plant is recorded as an asset in the General Fixed Assets Group. Its debt is recorded as a liability in the General Long-Term Debt Account Group and serviced by the debt service fund.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations, except for the sewer treatment plant, for reasons stated above. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water purification plant	40 years
Other equipment	5 years

K. COMPENSATED ABSENCES

The Village's employees earn vacation time which must be taken within the current year. Unused sick leave may be accumulated up to certain limits, but any employee who resigns, retires, or is dismissed shall not be paid for any accrued sick or vacation leave. For all funds this liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment and reasonably estimated. Due to the nature of this accrual, the proprietary fund type liability is recorded as a current liability on the balance sheet of that fund. The governmental funds liability is recorded in the general long term debt group of accounts.

L. LONG-TERM OBLIGATIONS

For the Village of Folsom, long-term liabilities expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

M. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers,

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized and depreciation is not recorded on that portion of the assets acquired or constructed from such resources.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditure/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity. All other interfund transfers of the primary government are reported as operating transfers.

O. SALES TAXES

The Village of Folsom receives two and one-half percent sales tax upon the sale at retail, the use, the consumption, and the storage for use or consumption, of tangible personal property and on sales of services in the Village.

Under the terms of the bond indenture on outstanding public improvement sales tax bonds dated May 6, 1982, all proceeds of a 1% sales and use tax levied by the Village of Folsom are pledged and dedicated to the retirement of said bonds and shall be maintained and administered as follows: (1) payment of all reasonable and necessary expenses of collection and administering and the tax, (2) payment of all debt service reserve accounts, (3) payment of all reasonable and necessary expenses of maintaining and operating the system, (4) any monies remaining shall be regarded as surplus and may be used for any lawful corporate purposes.

The second 1% sales tax is undedicated or restricted as to its use, however, the Board of Aldermen have allocated its use as follows: (1) 40% to the police fund for police protection, (2) 20% to the General fund, (3) 15% to be deposited in the Village's investment account, and (4) 25% to be retained in the sales tax fund for street maintenance and any other lawful corporate purposes.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

The 1/2% sales and use tax was voted in at a special election held July 15, 1995 for the purpose of providing police protection for the Village. The proposition authorized the levy and collection of a one-half percent tax for a period of ten years.

F. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Fund Deficits

The following individual fund has a deficit in unreserved fund balance at June 30, 1996:

<u>Fund</u>	<u>Deficit Amount</u>
Capital Projects Fund	(\$5,357.)

This deficit was created by an accrual of expenditures to be reimbursed by the LCDBC grant program and in amounts due to the general fund for advertising. The deficit will be eliminated in the next fiscal year upon submission of request for funds from the Division of Administration.

3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 1996:

	<u>Primary Government</u>
Demand deposits	\$200,283.
Interest-bearing demand deposits	<u>55,898.</u>
Total	<u>\$256,181.</u>

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.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

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, 1996, the government has \$260,849 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$432,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollaterized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

The following is a summary of investments at June 30, 1996:

	<u>Carrying Amount</u>	<u>Market Value</u>
Louisiana Asset Management Pool	\$266,347.	\$266,347.

The investments of the Village of Folsom are in the name of the Village and are held at First National Bank of Commerce, New Orleans, Louisiana.

5. Receivables

The following is a summary of receivables for June 30, 1996:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>
Taxes: Sales and use	\$ 0.	\$25,141.	\$ 0.
Beer, tobacco, video tax	5,199.	0.	0.
Intergovernmental:			
State highway maintenance	0.	1,842.	0.
Special assessments:			
Utility accounts	0.	0.	11,499.
Franchise fees	6,568.	0.	0.
Total	<u>\$11,767.</u>	<u>\$26,983.</u>	<u>\$11,499.</u>

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Management recorded as an allowance .89% of billings, which is an average of the past five year's bad debt write offs.

(6) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1996</u>
Land and buildings	\$ 56,522.	\$16,950.	\$ 0.	\$ 73,472.
Improvements other than buildings	281,068.	250.	0.	281,318.
Equipment	80,213.	13,007.	0.	93,220.
Sewer treatment plant	<u>779,175.</u>	<u>0.</u>	<u>0.</u>	<u>779,175.</u>
Total general fixed assets	<u>\$1,196,978.</u>	<u>\$30,207.</u>	<u>\$ 0.</u>	<u>\$1,227,185.</u>

A summary of proprietary property, plant and equipment follows:

	<u>Enterprise Funds</u>
Land	\$ 4,350.
Water purification system	273,258.
Furniture and equipment	8,862.
Construction in progress	<u>29,452.</u>
Subtotal	315,922.
Less accumulated depreciation	(136,219.)
Total	<u>\$179,703.</u>

7. Pension Plan

Full time law enforcement employees of the Village of Folsom are members of the statewide retirement system: Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

A. Municipal Police Employees Retirement System of Louisiana

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 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 or amended 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 (504)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 is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Village of Folsom 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 contributions to the System for the years ending December 31, 1996, 1995, and 1994, were \$2,630, \$2,250, and \$2,640, respectively, equal to the required contributions for each year.

B. Simplified Employee Pension Plan

The Village instituted a Simplified Employee Pension Plan (SEP) for its employees not covered by the Municipal Police Employees Retirement System of Louisiana.

This plan was in force for the fiscal year ended June 30, 1996. The Village contributed 5% of each eligible employees pay to this plan.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

Qualifications for an employee to be a participant in this plan are as follows: (1) attain age 21, (2) performed services for the employer during at least three of the immediately preceding five years, and (3) have received at least the indexed dollar amount of compensation from the employer for the year (\$400 for 1996).

An employee for whom an employer contributes under a SEP may also make contributions to the SEP-IRA, subject to the usual rules regarding contributions by an individual to an IRA.

Contributions made by the Village of Folsom on behalf of its participating employees in the SEP plan for the year ended June 30, 1996 were \$2,795.

8. Accounts, Salaries and Other Payables:

The following is a summary of payables at June 30, 1996:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Tax withholdings	\$1,836.	\$ 0.	\$ 0.	\$ 0.
Accounts payable	5,089.	717.	1,372.	2,471.
Total	<u>\$6,925.</u>	<u>\$ 717.</u>	<u>\$1,372.</u>	<u>\$ 2,471.</u>

9. Compensated Absences

At June 30, 1996, employees of the primary government have accumulated and vested \$4,380 of employee leave benefits, which was compute in accordance with GASB Codification Section C60. Of this amount, \$0. is recorded as an obligation of the General fund, and \$3,110 is recorded within the general long-term obligations account group. The leave liability for employees of the Enterprise fund, for \$1,270, is accounted for within the fund.

10. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1996:

	<u>General Obligation Bonded Debt</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations payable at 7/1/95	\$276,267.	\$3,303.	\$279,570.
Additions	0	0	0
Deductions	<u>21,118.</u>	<u>193.</u>	<u>21,311.</u>
Long-term obligations payable at 6/30/96	<u>\$255,149.</u>	<u>\$3,110.</u>	<u>\$258,259.</u>

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

General obligation bonds, revenue bonds, certificates of indebtedness, et cetera, are comprised of the following individual issues at June 30, 1996:

Revenue bonds:

\$145,000.00 water utility bonds dated 11/1/72; purchased by Farmers Home Administration, due in monthly installments of \$717.00 through 1/1/2012 (This issue is being serviced-principal and interest-by the Water Fund). \$ 83,016.

General obligation bonds:

\$200,000.00 public improvement sales tax bond dated 5/6/82; provide financing for sewer treatment plant, bonds purchased by Farmers Home Administration, due in annual installments of \$14,496.00 including interest at 5% annually through 5/7/2007. \$120,149.

\$160,000. street improvement bond dated 6/30/1994; bonds purchased by Premier Bank of Baton Rouge, La., principal payable annually, interest at 6.15% payable semi-annually through 6/1/2004 135,000.

Unmatured interest coupons

255,149.
79,100.
\$334,249.

At June 30, 1996, the Village of Folsom has accumulated \$24,638 in the debt service fund for future debt requirements.

The annual requirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$129,446. are as follows:

Year ending June 30,	General Obligation Sales Tax	Street Imp.	Water Revenue	Totals
1997	\$ 14,496.	22,302.	\$ 8,604.	\$ 45,402.
1998	14,496.	22,442.	8,604.	45,542.
1999	14,496.	21,519.	8,604.	44,619.
2000	14,496.	21,596.	8,604.	44,696.
2001-2004	57,984.	86,931.	34,416.	179,331.
2005-2007	43,488.	0.	25,812.	69,300.
2008-2012	0.	0.	38,718.	38,718.
Totals	<u>\$159,456.</u>	<u>\$174,790.</u>	<u>\$133,362.</u>	<u>\$467,608.</u>

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

11. Interfund Assets/Liabilities

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		\$ 8,367.
	Special Revenue	(2,455.)
	Capital Projects	(1,804.)
	Enterprise Fund	(4,108.)
Total		<u>\$ 0.</u>

12. Changes in Contributed Capital

The following is a summary of changes in contributed capital:

	<u>Enterprise Fund</u>
Balance at 7/1/95	\$ 98,491.
Additions:	
LCDBG Program	<u>29,452.</u>
Balance at 6/30/96	<u>\$127,943.</u>

13. Related Party Transactions

The Village of Folsom did not engage in any related party transactions during the period covered by this financial report.

14. Litigation and Claims

At June 30, 1996, the Village remains involved in litigation with its former Police Chief, Ronnie Holliday. In February 1995, Mr. Holliday filed suit in Division B of the 22nd Judicial District Court, Parish of St Tammany, State of Louisiana, against the Village of Folsom, alleging that during the period July 1, 1974 through July 31, 1979, the Village failed to make mandatory contributions to the Municipal Police Employee's Retirement System, resulting in reduced benefits to the plaintiff.

Plaintiff alleges that Folsom is liable for contributing to the Municipal Police Employee's Retirement System the amount of cash presently necessary to provide plaintiff the pension benefits to which he is entitled.

FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 1996

The Village of Folsom has filed an answer naming the Municipal Police Employee's Retirement System as third party defendant. Folsom alleges that in 1979 it attempted to pay required contributions to the pension fund. Correspondence dated July 10, 1979 from the Secretary-Treasurer of Municipal Police Employee's Retirement System, Folsom was informed that "back" pension fund contributions were not possible.

The Village's legal counsel estimates the probability of favorable outcome at 75%. The amount of loss will be subject to actuarial computation, but if the Village is held liable the amount of loss will be in the \$50,000. range. Due to legal counsels high estimate for favorable outcome, no amount will be accrued in the financial statements.

PRIMARY GOVERNMENT
SUPPLEMENTARY INFORMATION SCHEDULES

FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES
As and for the Year Ended June 30, 1996

SPECIAL REVENUE FUNDS

The Village of Folsom maintains one Special Revenue Fund in which its sales tax revenues are recorded, therefore, combining fund statements are not presented. A description of the dedication and allocation of this revenue can be found in Note O of the financial statements.

FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1996

DEBT SERVICE FUNDS

The Village of Folsom maintains two Debt Service Funds, one to service the debt of the general obligation bonds for the sewer treatment plant, original amount of \$200,000, 5%, dated May 19, 1979 for 25 years. These bonds are solely owned by the Rural Economic Community Development Agency.

The general obligation bonds for street improvements dated June 1, 1995 in the amount of \$160,000 at 6.15% for ten years is the Village's other general obligation serviced by a debt service fund. These bonds were purchased by Bank One (formally Premier Bank of Baton Rouge, Louisiana).

FOLSOM, LOUISIANA

DEBT SERVICE FUND
Combining Balance Sheet
June 30, 1996

	<u>Sewer Treatment Plant</u>	<u>Street Improvement Project</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 22,336.</u>	<u>\$ 2,302.</u>	<u>\$ 24,638.</u>
Total Assets	<u>\$ 22,336.</u>	<u>\$ 2,302.</u>	<u>\$ 24,638.</u>
LIABILITIES AND FUND EQUITY			
Fund Equity - fund balances: Reserved for debt service	<u>\$ 22,336.</u>	<u>\$ 2,302.</u>	<u>\$ 24,638.</u>
Total Fund Equity	<u>22,336.</u>	<u>2,302.</u>	<u>24,638.</u>
Total Liabilities And Fund Equity	<u>\$ 22,336.</u>	<u>\$ 2,302.</u>	<u>\$ 24,638.</u>

FOLSOM, LOUISIANA

DEBT SERVICE FUND
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances

For the year ended June 30, 1996

	<u>Sewer Treatment Plant</u>	<u>Street Improvement Project</u>	<u>Total</u>
REVENUES			
Interest	\$ 595.	\$ 250.	\$ 845.
Total revenues	595.	250.	845.
EXPENDITURES			
Debt Service:			
Principal retirement	8,118.	13,000.	21,118.
Interest and bank charges	6,378.	9,100.	15,478.
Other expenditures	0.	12.	12.
Total expenditures	<u>14,496.</u>	<u>22,112.</u>	<u>36,608.</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(13,901.)	(21,862.)	(35,763.)
OTHER FINANCING SOURCES (Uses)			
Transfer from other fund	<u>15,773.</u>	<u>22,102.</u>	<u>37,875.</u>
Total other financing sources (uses)	<u>15,773.</u>	<u>22,102.</u>	<u>37,875.</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,872.	240.	2,112.
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>20,464.</u>	<u>2,062.</u>	<u>22,526.</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u>\$ 22,336.</u>	<u>\$ 2,302.</u>	<u>\$ 24,638.</u>

FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1996

CAPITAL PROJECTS FUNDS

The Village of Folsom maintained two Capital Project Funds for the year ended June 30, 1996.

1. On August 8, 1994, the Village of Folsom awarded a contract for \$205,000 to Covington Paving for the purpose of paving streets within the city limits of Folsom. This project was funded by sales tax revenues and \$160,000. general obligation bonds. the project was completed December 22, 1994, however, at June 30, 1995, the retainage of \$17,962.57 remained to be paid. On July 27, 1995, this amount was paid closing out this project.
2. The Community Development Block Grant Fund accounts for the funds provided by the U. S. Department of Housing and Urban Development through the Louisiana Division of Administration. The monies are used to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low or moderate income. On June 30, 1995, the Village of Folsom was awarded a contract with the Division of Administration for an LCDBG project for the purpose of water distribution system improvement and expansion in the amount of \$488,133. At June 30, 1996, only engineering and administrative costs were incurred, however, at the December 17, 1996 special meeting, a contract was awarded for construction to begin the week of January 20, 1997.

FOLSOM, LOUISIANA

CAPITAL PROJECTS FUND
Combining Balance Sheet

June 30, 1996

	<u>Street Paving Project</u>	<u>Water Improvement Project</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 0.	\$ 87.	\$ 87.
Total Assets	<u>\$ 0.</u>	<u>\$ 87.</u>	<u>\$ 87.</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Contracts payable	\$ 0.	\$ 2,268.	\$ 2,268.
Interfund payable	0.	1,804.	1,804.
Retainage payable	<u>0.</u>	<u>1,372.</u>	<u>1,372.</u>
Total Liabilities	0.	5,444.	5,444.
Fund Equity - fund balances:			
Unreserved - undesignated	<u>0.</u>	(5,357.)	(5,357.)
Total Liabilities and Fund Equity	<u>\$ 0.</u>	<u>\$ 87.</u>	<u>\$ 87.</u>

FOLSOM, LOUISIANA

CAPITAL PROJECTS FUND
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

For the Year Ended June 30, 1996

	<u>Street Paving Project</u>	<u>Water Improvement Project</u>	<u>Total</u>
REVENUES			
Federal grants	\$ 0.	\$28,546.	\$28,546.
Total revenues	0.	28,546.	28,546.
EXPENDITURES			
Public works	0.	33,092.	33,092.
Total expenditures	0.	33,092.	33,092.
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0.	(4,546.)	(4,546.)
OTHER FINANCING SOURCES (Uses)			
Transfer from other funds	14,265.	0.	14,265.
Total other financing sources (uses)	14,265.	0.	14,265.
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURE AND OTHER USES	14,265.	(4,546.)	9,719.
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	(14,265.)	(811.)	(15,076.)
FUND BALANCES (Deficit) AT END OF YEAR	\$ 0.	(\$ 5,357.)	(\$ 5,357.)

FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1996

PROPRIETARY FUNDS

The Village of Folsom maintains only one Proprietary Fund in which its utility fund activities are accounted for, therefore, combining fund statements are not presented.

FOLSOM, LOUISIANA

SCHEDULE OF BOARD FEES
PAID TO GOVERNING BODY
Year Ended June 30, 1996

	<u>Number of Meetings Attended</u>	<u>Board Fees Paid</u>
Mayor Darrell Magee	12 regular	\$ 3,600.
Board of aldermen:		
Marshall Brumfield	10 regular 4 special	1,000. 200.
Willie Richardson, Jr.	11 regular 3 special	1,100. 150.
Michael Ezell	12 regular 4 special	1,200. <u> 200.</u>
Total board fees		<u>\$ 7,450.</u>

As per the Village's ordinance, the mayor is to receive \$300.00 for each meeting attended and is not to be compensated for special meetings. The board of aldermen are to be compensated \$100.00 for each regular meeting attended and 1/2 that amount for special meetings. They are to receive no compensation for unattended meetings.

FOLSOM, LOUISIANA

Schedule of Financial Assistance
For the Year Ended June 30, 1996

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>ISSUES/ EXPENDITURES</u>
Primary Government		
United States Department of Housing and Urban Development		
Passed through State of Louisiana Division of Administration (LCDBG)	14.219	<u>\$ 33,092.</u>
Total United States Department of Housing and Urban Development (1)		<u>33,092.</u>
Total Issues/Expenditures - Primary Government		<u>\$ 33,092.</u>

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE**

Mayor Darrell Magee and Board of Aldermen
Folsom, Louisiana

We have audited the general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 3, 1997. These general purpose financial statements are the responsibility of the Village of Folsom's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Folsom, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Durden and Alonzo

Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana
January 3, 1997

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Mayor Darrell Magee and Board of Aldermen
Folsom, Louisiana

We have audited the general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 3, 1997.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Village of Folsom, in order to determine our auditing procedures for the purpose of expressing our opinion on Folsom, Louisiana's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated January 3, 1997.

The management of Folsom, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also,

projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

1. Cash Management
2. Procurement
3. Expenditures
4. Accounting records

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

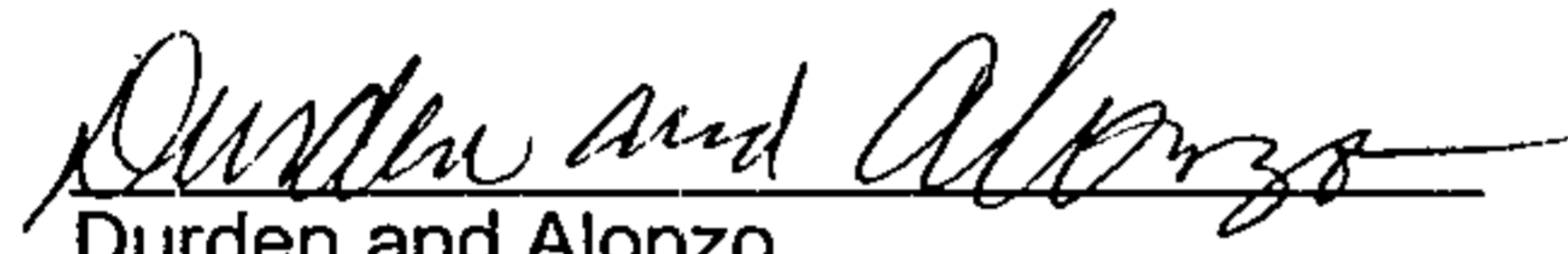
During the year ended June 30, 1996, the Village of Folsom, Louisiana, had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs: Louisiana Community Development Block Grant from the U. S. Department of Housing and Urban Development passed through the State of Louisiana's Division of Administration.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute a material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operation that we

consider to be a material weakness as defined above.

This report is intended for the information of the Mayor and Board of Aldermen, management, and the State of Louisiana, Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.


Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana
January 3, 1997

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Mayor Darrell Magee and Board of Aldermen
Folsom, Louisiana

We have audited the general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 3, 1997.

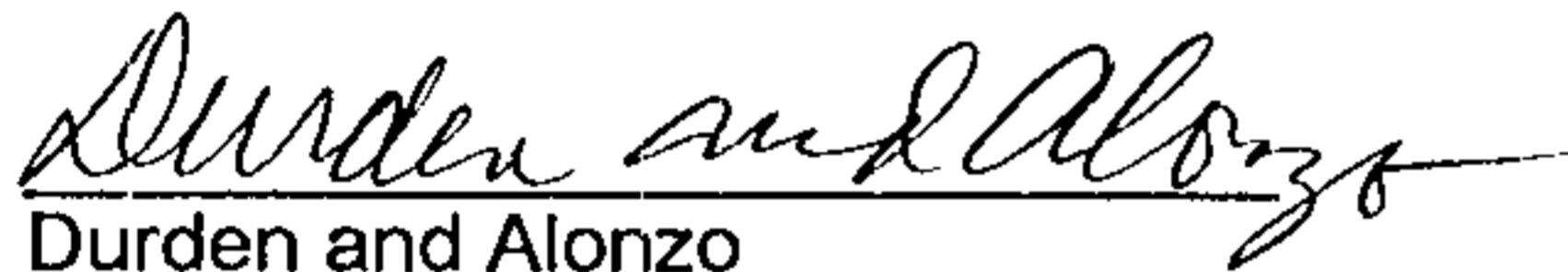
We have applied procedures to test the Village of Folsom's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

1. Political Activity
2. Cash Management
3. Relocating Assistance and Real Property Acquisition
4. Federal Financial Reports
5. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Village of Folsom's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Folsom, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of the Mayor and Board of Aldermen, Management and the State of Louisiana, Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Durden and Alonzo
Certified Public Accountant

Franklinton, Louisiana
January 3, 1997

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

Mayor Darrell Magee and Board of Aldermen
Folsom, Louisiana

We have audited the general purpose financial statements of Folsom, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 3, 1997.

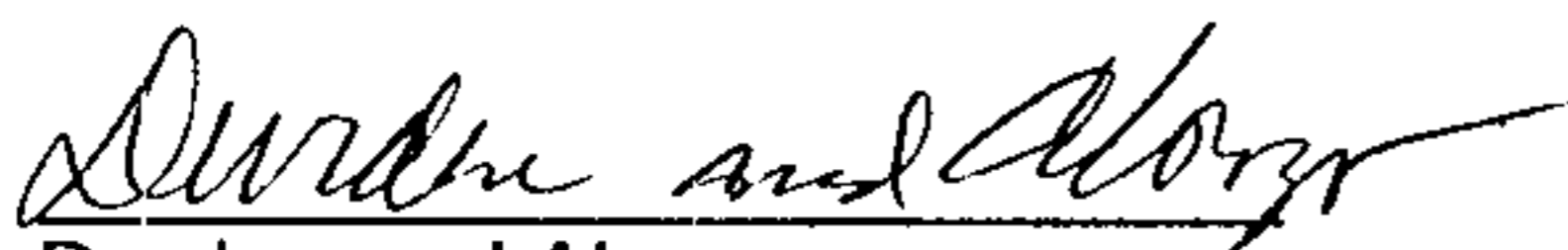
In connection with our audit of the general purpose financial statements of the Village of Folsom, and with our consideration of the Village's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to their nonmajor federal financial assistance program for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; special reporting requirements; and special tests and provisions as follows:

1. CDBG funds cannot be obligated or expended before receipt of HUD's approval of a RROF and environmental certification.
2. Projects must have an environmental review unless they meet criteria specified in the regulations that would exclude them from the requirement.

Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Folsom's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Folsom, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of the Mayor and Board of Aldermen, Management, and the State of Louisiana, Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana
January 3, 1997