

RECEIVED

MAY 17 1988

LEGISLATIVE AUDITOR

OFFICIAL
FILE COPY
DO NOT REMOVE

(State University of
Louisiana System and
Board of Regents
Trust in Error)

97202404
2375

VILLAGE OF FOLSOM, LOUISIANA

FINANCIAL STATEMENTS AND
AUDITORS REPORTS

TWO YEARS ENDED JUNE 30, 1988

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 03 1988

VILLAGE OF FOLSOM, LOUISIANA

General Purpose Financial Statements
 As of and For the Two Years Ended June 30, 1998
 With Supplemental Information Schedules

CONTENTS

	Statement	Page
INDEPENDENT AUDITOR'S REPORT		1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		2
GENERAL PURPOSE FINANCIAL STATEMENTS:		
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	A	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	B	5
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (CJWP BASIS) AND ACTUAL - GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT: GENERAL AND SPECIAL REVENUE FUNDS	C	7
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUNDS	D	9
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	E	11
NOTES TO FINANCIAL STATEMENTS		13
SUPPLEMENTAL INFORMATION SCHEDULES:		
PRIMARY GOVERNMENT:		
SPECIAL REVENUE FUNDS	1	28
DEBT SERVICE FUND:	2	28
COMBINING BALANCE SHEET	3	27
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	4	28
CAPITAL PROJECTS FUNDS	5	28
PROPRIETARY FUND	6	28
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS	7	30
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	8	31
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS	9	32

Darden and Alving

CERTIFIED PUBLIC ACCOUNTANTS

401 N. W. STREET
FRANKLIN, LOUISIANA 70502
(504) 834-4111
FAX (504) 834-4011

William R. Darden

Dennis W. Alving

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Village of Folsom, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Folsom, Louisiana, as of and for the two years ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of Village of Folsom, Louisiana. 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 the Office of Management and Budget Circular A-135, Audit 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to continuing operations year 2000-compliant; and the additional stages of work necessary to make the computer systems and other electronic equipment year 2000-compliant.

The Village of Folsom has omitted such disclosures. We do not provide assurance that the Village is or will be year 2000 ready, that the Village's year 2000 remediation efforts will be successful in whole or in part, or that the risks with which the Village does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, 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, 1998, and the results of its operations and the cash flows of its proprietary fund types for the two years then ended in conformity with generally accepted accounting principles.

Darden and Alving
Darden and Alving
Certified Public Accountants

Franklin, Louisiana

December 17, 1998

Borden and Alving

CERTIFIED PUBLIC ACCOUNTANTS

800 71 14 STREET
BAYLUMPTON, CALIFORNIA 95622
(916) 875-0211
FAX (916) 875-0202

William A. Borden

Deanna W. Alving

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

Mayor and Board of Aldermen
Village of Polk, Louisiana

We have audited the general purpose financial statements of the Village of Polk, Louisiana, as of and for the two years ended June 30, 1998, and have issued our report thereon dated December 17, 1998, in which, our opinion was qualified due to management's lack of disclosure regarding year 2000 compliance. We concluded our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village'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 of 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated December 29, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 over financial reporting 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. However, we noted other matters involving internal control over financial reporting that we have reported to management of the Village in a separate letter dated December 29, 1998.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Borden and Alving

Borden and Alving
Certified Public Accountants

Franklin, Louisiana

December 30, 1998

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

STATEMENT A

VILLAGE OF POLKINA, LOUISIANA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1989

	Governmental Fund Type			Proprietary Fund	Account Groups			Total (Main Page)
	General Fund	Service Fund	Special Projects Fund		General Fund	Long-Term Debt	Capital Projects	
ASSETS AND OTHER DEBITS								
ASSETS:								
Cash and cash equivalents	\$ 765,810	\$ 3,350	\$ 87	\$ 81,653	\$ -	\$ -	\$ 208,480	
Receivables	181,470	-	-	184,807	-	-	446,787	
Expansibles (net of allowances for doubtful)	14,811	23,228	-	14,420	-	-	82,462	
Unsettled utility revenue	-	-	-	3,724	-	-	5,784	
Interfund receivables	19,835	-	-	-	-	-	16,658	
Prepaid expenditures	526	-	-	128	-	-	178	
Prepaid grants	-	24,033	-	64,448	-	-	88,479	
Other assets	245	-	-	-	-	-	210	
Land, buildings and equipment (net, when applicable, of accumulated depreciation)	-	-	-	625,653	1,255,487	-	1,873,188	
Other debts	-	-	-	-	-	-	-	
Amount payable to debt service fund	-	-	-	-	-	27,814	27,814	
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	
TOTAL ASSETS AND OTHER DEBITS	\$ 1,113,231	\$ 27,611	\$ 87	\$ 892,114	\$ 1,255,487	\$ 27,814	\$ 2,193,643	

See independent auditor's reports and accompanying notes.

STATEMENT A

VILLAGE OF POLSON, LOUISIANA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988

	Governmental Fund Types			Proprietary Fund	Account Groups			Total (Minus) (Plus)
	General Fund	Debt Service Fund	Capital Projects Fund		General Fund	Library/Post Office	Colleges	
LIABILITIES, EQUITY, AND OTHER CREDITS								
Liabilities:								
Accounts payable and other payables	\$ 24,264	\$ -	\$ -	\$ 4,048	\$ -	\$ -	\$ 28,312	
Payable from restricted assets	-	-	-	28,008	-	-	28,008	
Unpaid salaries	-	1,759	-	8,412	-	-	10,171	
Compensated absences payable	-	-	-	2,128	-	65,004	67,132	
Unmatured accounts payable	-	-	-	17,668	-	-	17,668	
Notes payable	-	-	-	-	-	261,200	261,200	
Total liabilities	\$ 24,264	\$ 1,759	\$ -	\$ 42,252	\$ -	\$ 266,204	\$ 334,479	
Equity and other credits:								
Contributed capital	-	-	-	872,460	-	-	872,460	
Investments in general fund assets	-	-	-	-	1,180,447	-	1,180,447	
Reserve earnings	-	-	-	182,000	-	-	182,000	
Fund balances (Residual)	2,128	-	27,814	-	-	-	29,942	
Undesignated	329,843	284,660	-	67	-	-	614,570	
Total equity and other credits	\$ 331,971	\$ 284,660	\$ 27,814	\$ 182,527	\$ 1,180,447	\$ -	\$ 2,007,419	
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 343,235	\$ 286,419	\$ 27,814	\$ 1,621,114	\$ 1,180,447	\$ 266,204	\$ 3,344,239	

See independent auditor's reports and accompanying notes.

STATEMENT B

VILLAGE OF FOLSOM, LOUISIANA

GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 1998

	Governmental Funds				Total Other Funds
	General Fund	Special Revenue Fund	Other Service Fund	Capital Projects Funds	
REVENUES:					
Taxes:					
Sales and use	\$ -	\$ 272,718	\$ -	\$ -	\$ 272,718
Licenses and permits	73,860	-	-	-	73,860
Intergovernmental revenues:					
Federal grants	32,178	-	-	187,813	218,791
State funds:					
Public transportation funds	-	3,684	-	-	3,684
Public acquisition funds	17,032	-	-	-	17,032
Fees, charges, commissions	21,288	-	-	-	21,288
Fines and forfeitures	17,381	-	-	-	17,381
Other revenues	8,820	8,878	850	-	18,548
Total revenues	181,380	293,178	850	187,813	663,221
Expenditures:					
General government:					
Executive	7,150	-	-	-	7,150
Finance and administrative	81,800	18,081	-	5,254	105,285
Public safety	118,283	-	-	-	118,283
Public works	36,812	15,181	-	188,284	340,277
Debt service	-	-	48,857	-	48,857
Other expenditures	1,875	-	-	-	1,875
Total expenditures	245,920	33,262	48,857	193,538	491,577
Excess (Deficiency) of Revenues over Expenditures	(64,540)	259,916	(48,007)	26,275	171,644
Other financing sources (uses):					
Transfers from other funds	122,888	-	41,428	-	164,316
Transfers to other funds	(4,957)	(193,280)	-	-	(198,237)
Total other financing sources (uses)	117,931	(193,280)	41,428	-	(33,921)
Excess (Deficiency) of Revenues and other sources over expenditures and other uses	51,479	66,636	1,480	26,275	137,870
Fund balances, beginning of year	386,478	388,707	38,474	(88,777)	484,882
Fund balance, end of year	\$ 437,957	\$ 455,343	\$ 39,954	\$ 17,498	\$ 950,752

See independent auditor's reports and accompanying notes.

STATEMENT B

VILLAGE OF FOLSOM, LOUISIANA

GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 1997

	Governmental Funds				Total (Major- Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
REVENUES:					
Taxes:					
Sales and use	\$ -	\$ 289,479	\$ -	\$ -	\$ 289,479
Licenses and permits	71,482	-	-	-	71,482
Intergovernmental revenues:					
Federal grants	17,088	-	-	269,824	286,912
State funds:					
State transportation funds	-	3,084	-	-	3,084
State equalization funds	18,148	-	-	-	18,148
Fees, charges, commissions	28,188	-	-	-	28,188
Fines and forfeitures	22,080	-	-	-	22,080
Other revenues	7,472	7,521	880	-	15,873
Total revenues	<u>159,418</u>	<u>308,684</u>	<u>880</u>	<u>269,824</u>	<u>737,806</u>
Expenditures:					
General government:					
Executive	6,800	-	-	-	6,800
Finance and administrative	94,828	18,124	-	13,288	126,240
Public safety	95,475	-	-	-	95,475
Public works	27,822	52,810	-	274,898	355,530
Debt service	-	-	28,818	-	28,818
Litigation claims	33,715	-	-	-	33,715
Other expenditures	1,811	-	-	-	1,811
Total expenditures	<u>291,451</u>	<u>70,934</u>	<u>28,818</u>	<u>288,686</u>	<u>679,933</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(131,987)</u>	<u>238,694</u>	<u>(28,828)</u>	<u>(21,420)</u>	<u>69,449</u>
Other financing sources (uses):					
Transfers from other funds	123,786	-	57,394	-	181,180
Transfers to other funds	-	(150,785)	-	-	(150,785)
Total other financing sources (uses)	<u>123,786</u>	<u>(150,785)</u>	<u>57,394</u>	<u>-</u>	<u>(69,605)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>61,761</u>	<u>87,909</u>	<u>1,776</u>	<u>(21,420)</u>	<u>130,026</u>
Fund balance, beginning of year	203,281	777,451	24,628	(8,552)	997,808
Fund balance, end of year	<u>\$ 265,042</u>	<u>\$ 865,360</u>	<u>\$ 26,404</u>	<u>\$ (29,972)</u>	<u>\$ 1,186,734</u>

See independent auditor's reports and accompanying notes.

STATEMENT C

VILLAGE OF FOLSOM, LOUISIANA

GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET (GRAN) AND ACTUAL
 For the Year Ended June 30, 1988

REVENUES	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Taxes and use	\$ -	\$ -	\$ -	\$ 292,500	\$ 292,118	\$ (382)
Fees and permits	65,750	33,668	32,082	-	-	-
Intergovernmental revenues						
Federal grants	20,000	23,118	3,118	-	-	-
State funds						
Funds transportation funds	-	-	-	3,664	3,664	-
Funds equitization funds	21,000	21,000	(4,768)	-	-	-
Fees, charges, commissions	27,000	21,308	5,692	-	-	-
Fines and forfeitures	16,800	13,284	3,516	-	-	-
Other revenues	21,100	6,800	14,300	6,000	6,000	(2,000)
Total revenues	<u>377,650</u>	<u>385,536</u>	<u>(7,884)</u>	<u>305,604</u>	<u>308,118</u>	<u>(2,514)</u>
Expenditures						
General government						
Salaries	3,000	3,150	(150)	-	-	-
Finance and administrative	127,825	81,000	46,825	21,000	18,000	3,000
Public safety	100,000	180,500	(80,500)	-	-	-
Public works	63,450	60,942	2,508	60,000	60,161	(161)
Other expenditures	2,100	3,828	(1,728)	-	-	-
Total expenditures	<u>298,375</u>	<u>328,420</u>	<u>(30,045)</u>	<u>81,000</u>	<u>88,161</u>	<u>(7,161)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(20,725)</u>	<u>57,116</u>	<u>(77,841)</u>	<u>224,604</u>	<u>220,157</u>	<u>(4,543)</u>
Other financing sources (uses)						
Transfers from other funds	100,000	100,500	(500)	-	-	-
Transfers to other funds	-	(4,000)	4,000	(200,400)	(193,000)	7,400
Total other financing sources (uses)	<u>100,000</u>	<u>96,500</u>	<u>3,500</u>	<u>(200,400)</u>	<u>(193,000)</u>	<u>7,400</u>
Excess (Deficiency) of Revenues and other sources over expenditures and other uses	<u>\$ (20,725)</u>	<u>\$ 14,616</u>	<u>\$ (35,341)</u>	<u>\$ 24,204</u>	<u>\$ 27,157</u>	<u>\$ (2,943)</u>
Fund balance, beginning of year		<u>363,478</u>			<u>366,137</u>	
Fund balance, end of year		<u>\$ 348,862</u>			<u>\$ 393,294</u>	

See independent auditor's reports and accompanying notes.

STATEMENT C

VILLAGE OF 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, 2007**

REVENUES	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Taxes:						
Sales and use	\$ -	\$ -	\$ -	\$ 278,000	\$ 289,478	\$ 11,478
Licenses and permits	58,890	73,452	14,562	-	-	-
Intergovernmental revenues:						
Federal grants	17,000	11,088	(5,912)	-	-	-
State funds	-	-	-	3,084	3,084	-
Parish transportation funds	-	-	-	-	-	-
Parish equalization funds	19,900	19,148	(752)	-	-	-
Fees, charges, commissions	17,590	26,158	8,568	-	-	-
Fines and forfeitures	22,890	21,283	(1,607)	-	-	-
Other revenues	8,760	3,472	(5,288)	8,000	3,401	(4,599)
Total revenues	132,880	185,471	52,591	287,884	295,964	8,080
EXPENDITURES:						
Current government:						
Executive	7,500	6,988	(512)	-	-	-
Finance and administrative	91,575	135,283	43,708	9,000	9,184	1,184
Public safety	104,200	86,478	(17,722)	-	-	-
Public works	28,000	21,800	(6,200)	16,000	23,278	7,278
Other expenditures	2,000	1,871	(129)	-	-	-
Total expenditures	243,275	247,420	4,145	25,000	31,462	6,462
Excess (Deficiency) of Revenues over Expenditures	(104,395)	(61,949)	(42,554)	212,734	264,502	51,768
Other financing sources (used):						
Transfers from other funds	111,200	123,788	12,588	-	-	-
Transfers to other funds	-	-	-	(283,374)	(189,738)	(94,636)
Total other financing sources (used)	111,200	123,788	12,588	(283,374)	(189,738)	(94,636)
Excess (Deficiency) of Revenues and other sources over expenditures and other uses	\$ 20,000	\$ 61,839	\$ 41,839	\$ 29,360	\$ 74,764	\$ 45,404
Fund balance, beginning of year		273,281			117,461	
Fund balance, end of year		<u>\$ 335,120</u>			<u>\$ 192,225</u>	

See independent auditor's reports and accompanying notes.

STATEMENT D

VILLAGE OF FOLSOM

COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND
 Year Ended June 30, 1998

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for service:	
Water service fees	\$ 71,700
Sewer service fees	31,400
Garbage service fees	10,400
Installations - water	2,150
Installations - sewer	500
Delinquent fees	3,687
Total operating revenues	<u>120,237</u>
Operating expenses:	
Water department expenses	30,124
Sewer department expenses	52,281
Garbage collection expenses	19,223
General and administrative	8,052
Total operating expenses	<u>109,680</u>
Operating income (loss) before depreciation	10,547
Depreciation (includes depreciation of \$7500 on property financed by capital grant)	<u>16,274</u>
Operating income (loss)	(5,627)
Non-operating income (expenses):	
Interest income	6,420
Interest expense	(5,082)
Other income	234
Operating transfers	23,780
Depreciation on fixed assets acquired by capital grants that reduces contributed capital from capital grants	<u>7,265</u>
Net increase (decrease) in retained earnings	20,549
Retained earnings, beginning	127,249
Retained earnings, ending	<u>\$ 147,798</u>

See independent auditor's reports and accompanying notes

STATEMENT D

VILLAGE OF FOLSOM

COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND
 Year Ended June 30, 1997

	Enterprise Fund
Operating revenues:	
Charges for service -	
Water service fees	\$ 87,170
Sewer service fees	29,810
Garbage service fees	8,810
Installations - water	5,000
Installations - sewer	1,750
Delinquent fees	<u>3,640</u>
Total operating revenues	<u>135,980</u>
Operating expenses:	
Water department expenses	28,001
Sewer department expenses	54,081
Garbage collection expenses	10,254
General and administrative	<u>6,023</u>
Total operating expenses	<u>98,359</u>
Operating income (loss) before depreciation	7,754
Depreciation	<u>8,058</u>
Operating income (loss)	(304)
Non-operating revenue (expenses):	
Interest revenue	4,358
Interest expense	(4,044)
Other revenue	262
Operating transfers	<u>38,291</u>
Net increase (decrease) in retained earnings	38,503
Retained earnings, beginning	<u>80,998</u>
Retained earnings, ending	<u>\$ 127,441</u>

See independent auditor's reports and accompanying notes

STATEMENT E

VILLAGE OF FOLSOM, LOUISIANA

 PROPRIETARY FUND
 COMBINED STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 1990

Cash provided internally:		
Net income (loss)		\$ 31,684
Items not requiring the use of cash:		
Depreciation		18,274
Cash provided (used) from operations:		
changes in working capital:		
Increase in restricted cash	\$ (1,411)	
Increase in receivables	(8,804)	
Decrease in prepaids	(4)	
Increase in accounts payable and accruals	(206)	
Increase in due to other funds	114	
Increase in compensated absences	3,171	
Total cash provided (used) from operations		(8,833)
Cash flows/uses from investing activities:		
Investment in LAMP funds	(20,194)	
Purchase of equipment	(3,852)	
Total cash provided (used) from investing activities		(24,046)
Cash flows/uses from financing activities:		
Debt reduction - bonds payable		(4,835)
Net increase (decrease) in cash flows		3,741
Cash balance at beginning of year		58,112
Cash balance at end of year		\$ 61,853

See independent auditor's reports and accompanying notes.

STATEMENT E

VILLAGE OF FOLSOM, LOUISIANA
 PROPRIETARY FUND
 COMBINED STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 1997

Cash provided internally:		
Net income (loss)		\$ 38,232
Items not requiring the use of cash:		
Depreciation		5,000
Cash provided (used) from operations		
changes in working capital:		
Increase in restricted cash	\$ 11,808	
Increase in receivables	(2,905)	
Decrease in prepaids	70	
Increase in accounts payable		
and accruals	9,280	
Increase in due to other funds	(3,974)	
Increase in compensated absences	(515)	
Total cash provided (used) from operations	<u>1,587</u>	1,587
Cash flows/uses from investing activities:		
Investments in LAMP funds	(21,510)	
Purchase of equipment	<u>(8,207)</u>	
Total cash provided (used) from investing activities		(29,717)
Cash flows/uses from financing activities:		
Debt reduction - bonds payable		<u>(1,540)</u>
Net increase (decrease) in cash flows		10,800
Cash balance at beginning of year		<u>48,482</u>
Cash balance at end of year		<u>\$ 59,112</u>

See independent auditor's reports and accompanying notes.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

INTRODUCTION

The Village of Folsom, Louisiana, was incorporated March 12, 1975, under the provisions of the Louisiana Act, LS44-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 488 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 \$180.00 for each regular meeting and \$90.00 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 302 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 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 for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the 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.

VILLAGE OF POLSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1999

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

II. 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.
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 bonded 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:

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

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. 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. SUBJECTS

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

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1988

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to 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.
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 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 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.

Investments are limited by Louisiana Revised Statute (R.S.) 23:2665 and the municipality's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

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 (\$25.00 for the general obligation bond and \$30.00 for the water revenue bond). This fund may be used for making extraordinary repairs, maintenance, replacements, alterations, 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 U.S. Department of Agriculture 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.

Fixed assets used in the proprietary units 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, net 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.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Two Years Ended June 30, 1999

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 leaves 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 leaves. 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 DEBT

For the Village, 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, or other funds when such resources are restricted for the acquisition or construction of capital assets.

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 expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

(c) SALES TAXES

The Village 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 sale of services in the Village.

Under the terms of the bond indenture on outstanding public improvement sales tax bonds, date May 6, 1982, all proceeds of a 1% sales and use tax levied by the Village are pledged and dedicated to the retirement of said general obligation bonds for the sewer treatment plant and shall be maintained and administered as follows: (1) payment of all reasonable and necessary expenses of collection and administering 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 moneys remaining shall be regarded as surplus and may be used for any lawful corporate purposes.

The second 7% 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.

The 1% sales and use tax was voted in at a special election held July 15, 1985, 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 does 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 consolidated. Interfund eliminations have not been made in the aggregation of this data.

2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 1998:

Demand deposits	\$ 310,711.88
Interest-bearing demand deposits	<u>41,712.48</u>
Total	<u>\$ 352,424.32</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.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

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, 1998, the government has \$235,582 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$275,304 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 uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1379 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.

3. Investments

The following is a summary of investments at June 30, 1998:

	Carrying Amount	Market Value
Louisiana Asset Management Pool	\$ 448,781	\$ 448,781

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

4. Receivables

The following is a summary of receivables for June 30, 1998:

Class of Receivable	General Fund	Special Revenue Funds	Proprietary Funds
Taxes : Sales and Use	\$ -	\$ 23,276	\$ -
Beer, tobacco, video tax	3,902	-	-
Construction reimbursement	5,917	-	-
Special assessments:			
Utility accounts	-	-	14,405
Franchise fees	6,762	-	-
Total	\$ 14,811	\$ 23,276	\$ 14,405

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.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

5. Fixed Assets

A summary of changes in general fixed assets follows:

	July 1, 1996	Additions	Deletions	June 30, 1998
Land and buildings	\$ 13,472	\$ 9,829	\$ -	\$ 23,301
Improvements other				
Furn buildings	281,218	-	-	281,218
Equipment	80,220	127,804	13,547	294,477
Sewer treatment plant	779,175	-	-	779,175
Total general				
Fixed assets	\$ 1,227,185	\$ 138,819	\$ 13,547	\$ 1,352,457

A summary of proprietary property, plant and equipment follows:

	Enterprise Funds
Land	\$ 14,380
Water purification system	750,761
Furniture and equipment	15,088
Subtotal	779,189
Less accumulated depreciation	160,551
Total	\$ 618,638

6. Pension Plan

A. Municipal Police Employees Retirement System of Louisiana

Full-time law enforcement employees of the Village 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:

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 and 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 30 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.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1988

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 70809-2256, or by calling (504)925-7471.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. The contribution requirements of plan members and the Village are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:183, 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's contributions to the System for the years ended June 30, 1986 and 1987 were 3,640, and 4,320, respectively, equal to the required contributions for each year.

B. **Simplified Employee Pension Plan**

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

This plan was in force for the fiscal years ended June 30, 1986 and 1987. The Village contributed 5% of each eligible employee's pay to this plan.

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 1987).

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

Contributions made by the Village on behalf of its participating employees in the SEPP plan for the years ended June 30, 1986 and 1987 were 3,088 and 2,950, respectively.

T. **Accounts, Payroll and Other Payables**

The following is a summary of payables at June 30, 1988:

Class of Payable	General Fund	Special Revenue Funds	Proprietary Funds
Tax withholdings	\$ 3,088	\$ -	\$ -
Accounts	31,245	508	4,562
Total	<u>\$ 34,334</u>	<u>\$ 508</u>	<u>\$ 4,562</u>

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Two Years Ended June 30, 1998

8. Compensated Absences

At June 30, 1998, employees of the primary government have accumulated and vest \$12,178 of employee leave benefits, which was computed in accordance with OASD Certification Section C88. Of this amount, \$10,951 is recorded within the general long-term obligations account group. The leave liability for employees of the Enterprise fund, for \$2,125 is accounted for in that fund.

9. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	General Obligation		Compensated Absences	Total
	Bonded Debt	Indefinite Agreement		
Long-term obligations payable at 7/1/97	\$ 258,437	\$ -	\$ 6,813	\$ 265,250
Additions	-	43,646	4,338	47,983
Deductions	23,647	3,181	-	26,828
Long-term obligations payable at 6/30/98	\$ 234,790	\$ 40,465	\$ 11,151	\$ 286,406

General obligation bonds, revenue bonds, certificates of indebtedness, et cetera, are comprised of the following individual issues of June 30, 1998:

Revenue bonds:

\$140,000.00 water utility bonds dated 11/11/72; purchased by Farmers Home Administration, due in monthly installments of \$117.08 through 11/10/12 (This issue is being serviced principal and interest by the Water Fund). \$ 140,000

General obligation debt:

Bonded debt:
\$200,000.00 public improvement sales tax bond dated 5/6/82; proceeds for financing for sewer treatment plant, bonds purchased by Farmers Home Administration, due in annual installments of \$14,490.00 including interest at 5% annually through 6/7/97. \$ 102,700

\$180,000.00 street improvement bond dated 6/26/1994; bonds purchased by Premier Bank of Baton Rouge, LA, principal payable annually, interest at 9.15% payable semiannually through 6/12/04. 108,000

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Two Years Ended June 30, 1998

Installment agreement:

\$43,644.73 equipment installment lease-purchase agreement with a non-allocation provision dated 3/10/96; proceeds for financing for police cars, financed by Peoples Bank & Trust of Alexandria, LA, due in monthly installments, includes interest of \$1,337.50 through 3/10/2001

39,854

245,844

59,907

\$344,605

Unmatured interest coupons:

At June 30, 1998, the Village has accumulated \$27,814 in the debt service fund for future debt requirements.

The annual requirements to amortize all debt outstanding as of June 30, 1998, including interest payments of \$90,670 are as follows:

Year ending June 30,	General Sales Tax	Obligation Bond Int.	Installment Agreement	Water Revenue	Totals
1999	\$ 14,400	\$ 21,070	\$ 18,951	\$ 5,684	\$ 60,070
2000	14,400	21,080	18,951	5,684	60,115
2001	14,400	21,070	12,038	6,684	54,192
2002	14,400	21,067	-	5,684	41,151
2003	14,400	21,480	-	5,684	41,564
2004-2012	57,884	22,282	-	73,124	153,290
Totals	<u>\$190,884</u>	<u>\$159,087</u>	<u>\$ 44,940</u>	<u>\$190,194</u>	<u>\$ 485,005</u>

10. Interfund Assets/Liabilities

Interfund receivable/payable at June 30, 1998, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund		\$ 10,638
	Special Revenue	- 3,789
	Capital Projects	- 48
	Enterprise Fund	- 6,812
TOTAL		<u>\$ 9,809</u>

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Two Years Ended June 30, 1998

11. Changes in Contributed Capital

The following is a summary of changes in contributed capital:

	Enterprise Fund
Balance at July 1, 1997	\$ 416,081.
Additions:	
LCD90 Program	160,904.
Deductions:	
Depreciation on fixed assets acquired using capital grants	(7,385).
Balance at June 30, 1998	<u>\$ 569,450.</u>

12. Related Party Transactions

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

13. Federal Grants

On June 26, 1996, the Village was awarded a Louisiana Community Development Block Grant (LCD90) in the amount of \$460,133 for the purpose of water system improvements and extensions, and a new water well. The DFCA number of this project is 14-219. The federal grantor is the U.S. Department of Housing and Urban Development, passed through the State of Louisiana Division of Administration. For the year ended June 30, 1998, the Village expended \$266,824 of these funds.

On November 25, 1996, the Village of Folsom Police Department was awarded a COPPS Universal Hiring Award grant in the amount of \$71,136 to use through August 31, 1999. This grant is for reimbursement of salaries paid to police officers for the period December 1, 1996 through August 31, 1998. On September 26, 1997, the police department received an additional award of \$96,203 for a total award of \$158,209. The grant period was also extended to November 30, 1999. For the period ended June 30, 1998, the Village received and expended \$78,214 of these grant funds.

The Police Department also was awarded a grant for the purchase of computers for their patrol cars through a COPPS/MORF Grant passed through the St. Tammany Parish Sheriff's Office. The Village was reimbursed 75% of their cost for a total of \$13,504.

14. Litigation and Claims

On August 15, 1996, a judgment in a lawsuit with Investment Management Services, Inc., found that the Village was correct in recognizing that Plat No. 690-B was the official recorded plat of Village Trace Subdivision, a subdivision located within the municipal limits. Investment Management Services, Inc., has appealed the judgment. It is unlikely that the judgment will be reversed. However, if there is an unfavorable ruling on appeal, the amount of the loss could be in the range of \$20,000.

**PRIMARY GOVERNMENT
SUPPLEMENTARY INFORMATION SCHEDULES**

VILLAGE OF FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Two Years Ended June 30, 1998

SCHEDULE 1

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 G of the financial statements.

SCHEDULE 2

DEBT SERVICE FUNDS

The Village of Folsom maintains three Debt Service Funds as follows:

1. General obligation bonds for the sewer treatment plant, original amount of \$200,000, at 5%, dated May 10, 1979, for 25 years. These bonds are solely owned by the Rural Economic Community Development Agency.
2. General obligation bonds for street improvements dated June 1, 1985, in the amount of \$100,000 at 6.10% for 10 years. These bonds were purchased by Bank One (formerly Premier Bank of Baton Rouge, Louisiana).
3. Installment lease-purchase agreement for law enforcement automobiles dated March 10, 1990, in the amount of \$43,544.73 with a non-allocation provision due in monthly installments of \$1,337.59 through 3/10/2001.

SCHEDULE 3

VILLAGE OF FOLSOM, LOUISIANA

DEBT SERVICE FUND
 Combining Balance Sheet
 June 30, 1998

	<u>Sewer Treatment Plant</u>	<u>Street Improvement Project</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 25,051</u>	<u>\$ 2,763</u>	<u>\$ 27,814</u>
Total Assets	<u>\$ 25,051</u>	<u>\$ 2,763</u>	<u>\$ 27,814</u>
LIABILITIES AND FUND EQUITY			
Fund Equity - fund balances:			
Reserved for debt service	<u>\$ 25,051</u>	<u>\$ 2,763</u>	<u>\$ 27,814</u>
Total Fund Equity	<u>25,051</u>	<u>2,763</u>	<u>27,814</u>
Total Liabilities and Fund Equity	<u>\$ 25,051</u>	<u>\$ 2,763</u>	<u>\$ 27,814</u>

SCHEDULE 4**VILLAGE OF FOLSOM, LOUISIANA**

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

For the year ended June 30, 1998

	<u>Law Enforcement Automobiles</u>	<u>Sewer Treatment Plant</u>	<u>Street Improvement Project</u>	<u>Total</u>
REVENUES				
Interest	\$ -	\$ 655	\$ 277	\$ 932
Total revenues	<u>-</u>	<u>655</u>	<u>277</u>	<u>932</u>
EXPENDITURES				
Debt Service:				
Principal retirement	3,701	6,368	18,080	28,159
Interest and bank charges	222	5,131	7,449	12,802
Total expenditures	<u>4,013</u>	<u>11,499</u>	<u>25,449</u>	<u>40,961</u>
Excess (deficiency) of revenues over expenditures	(4,013)	(10,844)	(25,172)	(40,029)
Other financing sources (uses)				
Transfer from other funds	<u>4,013</u>	<u>15,048</u>	<u>22,285</u>	<u>41,346</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	4,204	7,113	1,400
Fund Balance, beginning of year	<u>-</u>	<u>23,844</u>	<u>3,570</u>	<u>26,414</u>
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 28,048</u>	<u>\$ 3,783</u>	<u>\$ 31,831</u>

VILLAGE OF FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULE

As of and for the Year Ended June 30, 1988

SCHEDULE 3

CAPITAL PROJECTS FUNDS

The Village of Folsom maintained only one Capital Project Fund for the year ended June 30, 1988, therefore combining fund statements are not presented.

On June 30, 1985, the Village was awarded a contract with the Division of Administration for an LCDBO project for the purpose of water distribution system improvements and expansion in the amount of \$488,133. (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 funds 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). The project was completed and officially closed out at the April 13, 1988, meeting of the governing body of the Village of Folsom.

SCHEDULE 4

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.

SCHEDULE 2**VILLAGE OF FOLSOM, LOUISIANA****SCHEDULE OF BOARD FEES
PAID TO GOVERNING BODY**

Year Ended June 30, 1998

	<u>Number of Meetings Attended</u>	<u>Board Fees Paid</u>
Mayor David Magee	12 regular	\$ 3,000
Board of Aldermen:		
Marshall Bramfield	10 regular 1 special	1,000 50
Willie Richardson, Jr.	12 regular 1 special	1,200 50
Elaine Rainey (7/1/87-10/31/97)	4 regular	400
Jerry Sambola (11/1/87-6/30/98)	8 regular 1 special	800 50
TOTAL BOARD FEES		<u>\$ 7,150</u>

As per the Village's ordinance, the mayor is to receive \$300.00 for each regular meeting attended and is not compensated for special meetings. The board of aldermen are to be compensated \$100.00 for each regular meeting attended and one-half that amount for special meetings. They are to receive 00 compensation for unattended meetings.

VILLAGE OF FOLSOM, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the two years ended June 30, 1995

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Material to Financial Statements:				
80-1	6/30/90	Deposits not made on a daily basis.	partial	Governing board capitalized to clerk & bookkeepers the need to make daily deposits.
Section II - Management Letter:				
80-2	6/30/90	Inadequate purchase policy	no	Effective July 1, 1995, the administration implemented a new purchase policy requiring the issuance of a purchase order prior to the purchase of items valued in excess of \$50. The purchase to be signed by two of the governing board members.
80-3	6/30/90	Lack of proper documentation in minutes of governing board meeting	yes	
80-4	6/30/90	Fixed assets - proper detail list and property records	partial	The village purchased a fixed asset inventory software program to maintain a proper listing of property owned by the village. The bookkeeper is working with six purchase information to balance this listing to the General Fixed Asset Account Group and assets in the Enterprise Fund.
80-5	6/30/90	Payroll - documentation	yes	
80-6	6/30/90	Garbage services - negative operations	yes	

The Village of Folsom

Mayor
BARRELL MACIE
Chief of Police
BRUCE "BLU" BELLINGERWORTH

P.O. BOX 608 FOLSOM, LOUISIANA 70417
(504)794-5007
FAX(504)794-5017

CLERK
MARSHALL BRUNFIELD
VILLIE BUCKHAMSON
CORNELIA GAMBOLA

MUNICIPAL CLERK
JOYCE KING

VILLAGE OF FOLSOM, LOUISIANA

CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS For year ended June 30, 1999

Ref. No.	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Section I - Management Letter				
88-1	Enterprise fund revenue receivables delinquent accounts, garbage operations need identification of paying customers, utility billing cycle needs to reduce time between meter reading and billing.	The administration drafted a letter to be mailed to all utility customers detailing a "stair" procedure, implemented a policy that requires the meters to be read on the 15th or 20th of the month and the billing will be mailed by the 20th. The administration is researching different options for identification of paying garbage subscribers.	David Magee	1/1999 6/1999
88-2	Purchase policy - prior approval process for purchases	The administration adopted and implemented a purchase policy requiring the issuance of a purchase order prior to the purchase of items costing in excess of \$50. Purchase orders must be signed by two of the four members of the governing body. The village purchased a software program for the issuance of purchase orders which is linked to the accounts payable and checkwriting software program.		7/1998
88-3	Daily deposit of receipts	The governing body stressed the importance of making daily deposits to the administrative staff and expect this law to be adhered to in the future.		1/1999

Burden and Allege
CERTIFIED PUBLIC ACCOUNTANTS

800 1/2th St
Baton Rouge, LA 70801
824-4244
NO. 0000000000

RECEIVED

JUN 14 1988

Burden W. Allege

William R. Burden

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, 1988, and have issued our report thereon dated December 17, 1988.

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. They are as follows:

- 99-1. **Enterprise fund receivables:** There is an excessive amount of receivables in delinquent status, approximately 45% is over 31 days and 25% is over 91 days. The Village needs to be more strict with its "cutoff" procedures. There are several accounts with large, old balances. These accounts need a payment plan set up for the old amount plus the current usage to be paid monthly with a clause that any default results in the entire balance due on demand. This is a public utility and the "gifting" of services is not allowed. All users are expected to pay for services provided. Collection procedures should be strictly and impartially applied. The utility billing cycle needs to reduce the time between reading of meters and the actual billing date to reduce the amount of unbilled revenue at any point in time. Garbage operations need a procedure to visibly identify paying customers to the garbage contractor. Currently, there are very little or no communications between the Village administration and the garbage contractor.

99-2. **Purchase policy:**

For the two years ended June 30, 1988, a formal purchase approval process was not existed. All invoices we examined were initialed as approval to pay, not purchase, and most purchases over \$500 were prior

Durden and Alving

CERTIFIED PUBLIC ACCOUNTANTS

500 FIVE AVENUE
WILMINGTON, DELAWARE 19801
(302) 441-4411
FAX (302) 441-4410

William R. Durden

Deanna W. Alving

Page 2.

approved as evidenced in the minutes of governing board meetings. A proper, prior approval process for purchasing should be adopted and enforced.

Mileage logs were prepared by the law enforcement information. From these logs we calculated the average price per gallon to be \$1.36. The Fuel Max system simplifies the mileage log accounting and matches to payments. The average price per gallon per this system is less than \$0.50.

- 98-3. Daily deposits of receipts: We noted improvement in the frequency of deposits; however, where practicable, deposits should be made daily as money is received.

Implementation of the recommendations noted in this letter and in the Independent Auditor's Report on the internal control structure will aid in strengthening the Village's accounting controls and procedures.

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

Sincerely,

Durden and Alving
Durden and Alving
Certified Public Accountants

December 20, 1998