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VILLAGE OF FOLSOM, LOUISIANA

FINANCIAL STATEMENTS AND
AUDITORS REPORTS

YEAR ENDED JUNE 30, 1999

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 23 2000

VILLAGE OF FOLSOM, LOUISIANA

General Purpose Financial Statements
As of and For the Two Years Ended June 30, 1999
With Supplemental Information Schedules

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Durden and Alonzo

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William R. Durden

Donna W. Alonzo

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 year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Mayor and Board of Aldermen (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 1999, 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.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 13, 2000, on our consideration of the Village of Folsom's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Folsom, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and it is also not a required part of the general purpose financial statements of the Village of Folsom, Louisiana.

Sincerely,


Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana
January 13, 1999

Durden and Alonzo

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**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 Folsom, Louisiana

We have audited the general purpose financial statements of the Village of Folsom, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated January 13, 2000.

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 of Folsom, Louisiana, in a separate letter dated January 13, 2000.

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.



Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana

January 13, 2000

Durden and Alonzo

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and Board of Aldermen
Village of Folsom, Louisiana

Compliance

We have audited the compliance of the Village of Folsom, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Village of Folsom, Louisiana's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Folsom's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, Village of Folsom, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Village of Folsom, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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Durden and Alonzo, CPAs

Durden and Alonzo
Certified Public Accountants

Franklinton, Louisiana

January 13, 2000

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

STATEMENT A

VILLAGE OF FOLSOM, LOUISIANA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

	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		
ASSETS AND OTHER DEBITS									
Assets:									
Cash and cash equivalents	\$ 120,949	\$ 54,417	\$ 3,029	-	\$ 65,143	\$ -	-	\$ -	\$ 243,538
Investments	234,596	271,837	-	-	135,692	-	-	-	642,125
Receivables (net of allowances for uncollectibles)	17,006	25,781	-	-	13,125	-	-	-	55,912
Unbilled utility revenue	-	-	-	-	2,738	-	-	-	2,738
Interfund receivable	10,441	-	-	-	-	-	-	-	10,441
Prepaid expenditures	516	-	-	-	140	-	-	-	656
Restricted assets	1,504	-	26,247	-	59,134	-	-	-	86,885
Other assets	210	-	-	-	-	-	-	-	210
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)	-	-	-	-	1,483,482	1,355,858	-	-	2,839,340
Other debits:									
Amount available in debt service fund	-	-	-	-	-	-	26,247	-	26,247
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	239,467	239,467
TOTAL ASSETS AND OTHER DEBITS	\$ 385,222	\$ 352,035	\$ 29,276	\$ -	\$ 1,759,454	\$ 1,355,858	\$ 265,714	\$ -	\$ 4,147,559

See independent auditor's reports and accompanying notes.

STATEMENT A

VILLAGE OF FOLSOM, LOUISIANA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

	Governmental Fund Types				Proprietary Fund	Account Groups			Total (Memo Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		General Assets	General Fixed Assets	Long-Term Obligations	
LIABILITIES, EQUITY, AND OTHER CREDITS									
Liabilities:									
Accounts, payroll, and other payables	\$ 12,689	\$ 727	\$ -	\$ -	\$ 89,195	\$ -	\$ -	\$ -	\$ 102,611
Payable from restricted assets	-	-	-	-	23,715	-	-	-	23,715
Interfund payable	-	2,135	-	-	8,306	-	-	-	10,441
Compensated absences payable	-	-	-	-	2,777	-	-	12,995	15,772
Installment agreement	-	-	-	-	-	-	-	27,531	27,531
Bonds payable	-	-	-	-	619,912	-	-	225,188	845,100
Total liabilities	<u>12,689</u>	<u>2,862</u>	<u>-</u>	<u>-</u>	<u>743,904</u>	<u>-</u>	<u>-</u>	<u>265,714</u>	<u>1,025,169</u>
Equity and other credits:									
Contributed capital	-	-	-	-	798,358	-	-	-	798,358
Investment in general fixed assets	-	-	-	-	-	1,355,858	-	-	1,355,858
Retained earnings	-	-	-	-	217,192	-	-	-	217,192
Fund balances:									
Reserved - Escrow	1,504	-	-	-	-	-	-	-	1,504
Reserved - Debt Service	-	-	29,276	-	-	-	-	-	29,276
Undesignated	371,029	349,173	-	-	-	-	-	-	720,202
Total equity and other credits	<u>372,533</u>	<u>349,173</u>	<u>29,276</u>	<u>-</u>	<u>1,015,550</u>	<u>1,355,858</u>	<u>-</u>	<u>-</u>	<u>3,122,390</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 385,222</u>	<u>\$ 352,035</u>	<u>\$ 29,276</u>	<u>\$ -</u>	<u>\$ 1,759,454</u>	<u>\$ 1,355,858</u>	<u>\$ 265,714</u>	<u>\$ -</u>	<u>\$ 4,147,559</u>

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, 1999

	Governmental Funds				Total (Memo Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	
REVENUES:					
Taxes:					
Sales and use	\$ -	\$ 309,257	\$ -	\$ -	\$ 309,257
Licenses and permits	78,439	-	-	-	78,439
Intergovernmental revenues:					
Federal grants	23,082	-	-	-	23,082
State funds:					
Parish transportation funds	-	3,684	-	-	3,684
Parish equalization funds	23,932	-	-	-	23,932
Fees, charges, commissions	33,202	-	-	-	33,202
Fines and forfeitures	20,718	-	-	-	20,718
Other revenues	15,066	11,051	911	-	27,028
Total revenues	<u>194,439</u>	<u>323,992</u>	<u>911</u>	<u>-</u>	<u>519,342</u>
Expenditures:					
General government:					
Executive	7,600	-	-	-	7,600
Finance and administrative	105,863	22,045	-	-	127,908
Public safety	120,105	-	-	-	120,105
Public works	13,370	10,234	-	-	23,604
Debt service	-	-	52,066	-	52,066
Other expenditures	2,524	-	-	-	2,524
Total expenditures	<u>249,462</u>	<u>32,279</u>	<u>52,066</u>	<u>-</u>	<u>333,807</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(55,023)</u>	<u>291,713</u>	<u>(51,155)</u>	<u>-</u>	<u>185,535</u>
Other financing sources (uses):					
Transfers from other funds	135,160	-	52,617	-	187,777
Transfers to other funds	(16,051)	(207,203)	-	-	(223,254)
Total other financing sources (uses)	<u>119,109</u>	<u>(207,203)</u>	<u>52,617</u>	<u>-</u>	<u>(35,477)</u>
Excess (Deficiency) of Revenues and other sources over expenditures and other uses	64,086	84,510	1,462	-	150,058
Fund balance, beginning of year	306,943	264,663	27,814	-	599,420
Fund balance, end of year	<u>\$ 371,029</u>	<u>\$ 349,173</u>	<u>\$ 29,276</u>	<u>\$ -</u>	<u>\$ 749,478</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, 1999

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Taxes:						
Sales and use	\$ -	\$ -	\$ -	\$ 291,000	\$ 309,257	\$ 18,257
Licenses and permits	74,650	78,439	3,789	-	-	-
Intergovernmental revenues:						
Federal grants	17,100	23,082	5,982	-	-	-
State funds:						
Parish transportation funds	-	-	-	3,684	3,684	-
Parish equalization funds	15,700	23,932	8,232	-	-	-
Fees, charges, commissions	25,370	33,202	7,832	-	-	-
Fines and forfeitures	16,755	20,718	3,963	-	-	-
Other revenues	20,393	15,066	(5,327)	10,000	11,051	1,051
Total revenues	<u>169,968</u>	<u>194,439</u>	<u>24,471</u>	<u>304,684</u>	<u>323,992</u>	<u>19,308</u>
Expenditures:						
General government:						
Executive	7,500	7,600	(100)	-	-	-
Finance and administrative	113,250	105,863	7,387	23,575	22,045	1,530
Public safety	120,830	120,105	725	-	-	-
Public works	13,100	13,370	(270)	15,500	10,234	5,266
Other expenditures	2,600	2,524	76	-	-	-
Total expenditures	<u>257,280</u>	<u>249,462</u>	<u>7,818</u>	<u>39,075</u>	<u>32,279</u>	<u>6,796</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(87,312)</u>	<u>(55,023)</u>	<u>32,289</u>	<u>265,609</u>	<u>291,713</u>	<u>26,104</u>
Other financing sources (uses):						
Transfers from other funds	112,550	135,160	22,610	-	-	-
Transfers to other funds	-	(16,051)	(16,051)	(207,203)	(207,203)	-
Total other financing sources (uses)	<u>112,550</u>	<u>119,109</u>	<u>6,559</u>	<u>(207,203)</u>	<u>(207,203)</u>	<u>-</u>
Excess (Deficiency) of Revenues and other sources over expenditures and other uses	<u>\$ 25,238</u>	<u>64,086</u>	<u>\$ 38,848</u>	<u>\$ 58,406</u>	<u>\$ 84,510</u>	<u>\$ 26,104</u>
Fund balance, beginning of year		306,943			264,663	
Fund balance, end of year		<u>\$ 371,029</u>			<u>\$ 349,173</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, 1999

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for service -	
Water service fees	\$ 70,533
Sewer service fees	30,416
Garbage service fees	13,886
Installations - water	7,053
Installations - sewer	1,500
Delinquent fees	4,150
Other revenue	286
Total operating revenues	<u>127,824</u>
Operating expenses:	
Water department expenses	30,468
Sewer department expenses	47,132
Garbage collection expenses	19,692
General and administrative	8,533
Depreciation (includes deprec. of \$20,093. on property financed by capital grant)	<u>22,746</u>
Total operating expenses	<u>128,571</u>
Operating income (loss)	(747)
Non-operating revenue (expenses):	
Interest revenue	6,375
Interest expense	(11,094)
Operating transfers	35,470
Depreciation on fixed assets acquired by capital grants that reduces contributed capital from capital grants	<u>20,093</u>
Net increase (decrease) in retained earnings	50,097
Retained earnings, beginning	167,095
Retained earnings, ending	<u>\$ 217,192</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, 1999

Cash provided from operating activities:		
Operating income (loss)		\$ (747)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	\$ 22,746	
Decrease in net receivables	4,246	
Increase in prepaids	(2)	
Decrease in accounts payable	(515)	
Increase in due to other funds	1,494	
Increase in compensated absences	652	
Total adjustments		<u>28,621</u>
Net cash provided by operating activities		<u>27,874</u>
Cash flows from noncapital financing activities:		
Receipts of grants	246,000	
Payments to other funds	(211)	
Receipts from other funds	35,681	
Net cash used for noncapital financing activities		<u>281,470</u>
Cash flows from capital and related financing activities:		
Proceeds from issuing bonds	550,000	
Principal payments on water revenue bond	(3,757)	
Net cash used for capital and financing activities		<u>546,243</u>
Cash flows from investing activities:		
Payments for investments	(25,000)	
Equipment purchase and construction of water project	(809,246)	
Interest paid	(2,696)	
Payments to reserve accounts	(15,355)	
Net cash used for investing activities		<u>(852,297)</u>
Net cash increase for the year		3,290
Cash at beginning of year		<u>61,853</u>
Cash at end of year		<u><u>\$ 65,143</u></u>

See independent auditor's reports and accompanying notes.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 1999

INTRODUCTION

The Village of Folsom, Louisiana, 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. The aldermen are compensated at the rate of \$100.00 for each regular meeting and \$50.00 for each special meeting. The Village employs eight full-time and two 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, and 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 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
 - 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 FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Year 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.

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.
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:

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 1999

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 accounted 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:

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 1999

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than forty-five 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.

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.) 33:2955 and the municipality's investment policy. If the original maturities of investments exceed 90 days, they are classified as investment; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 1999

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 receivable/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 General Obligation Bond Reserve Fund by depositing monthly a sum at least equal to 5% of the amount required to be paid into the aforementioned Sewer 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. A Reserve Fund is to be maintained for the two Water Revenue Bond issues by depositing, monthly, \$130.00 until an amount equaling the highest annual debt service is obtained; and (3) A Depreciation and Contingency Fund by depositing monthly a stated amount (\$26.00 for the general obligation bond and \$185.00 for the water revenue bond). This fund may be used for making extraordinary 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 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 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.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Year 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	39 - 40 years
Other equipment	5 - 7 years
Water line extensions	20 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, 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 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 1999

O. 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 term 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. This sales tax will continue for perpetuity.

The second 1% sales and use 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. This sales tax will continue for perpetuity.

The ½% 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.

P. 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 consolidation. 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, 1999:

Demand deposits	\$ 263,287.
Interest-bearing demand deposits	<u>67,136.</u>
Total	<u>\$ 330,423.</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

Year Ended June 30, 1999

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, 1999, the government has \$365,060 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$484,528 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 39:1229 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.

3. Investments

The following is a summary of investments at June 30, 1999

	Carrying Amount	Market Value
Louisiana Asset Mangement Pool	<u>\$ 642,125</u>	<u>\$ 642,125</u>

Surplus funds of the Village are invested with the Louisiana Asset Management Pool, Inc., managed by Hibernia National Bank of New Orleans, Louisiana. The Pool's investments are diversified in securities all of which are in compliance with the Louisiana Cash Management statutes. The investment pool is overseen by the Treasurer of the State of Louisiana.

4. Receivables

The following is a summary of receivables for June 30, 1999:

Class of Receivable	General Fund	Special Revenue Funds	Proprietary Funds
Taxes : Sales and use	\$ -	\$ 25,781	\$ -
Beer, tobacco, video tax	4,689	-	-
Due from federal COPS grant	5,992	-	-
Special assessments:			
Utility accounts	-	-	13,125
Franchise fees	6,325	-	-
Total	<u>\$ 17,006</u>	<u>\$ 25,781</u>	<u>\$ 13,125</u>

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

Year Ended June 30, 1999

5. Fixed Assets

A summary of changes in general fixed assets follows:

	<u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1999</u>
Land and buildings	\$ 84,297	\$ -	\$ -	\$ 84,297
Improvements other than buildings	281,318	-	-	281,318
Equipment	207,667	3,401	-	211,068
Sewer treatment plant	779,175	-	-	779,175
Total general fixed assets	<u>\$1,352,457</u>	<u>\$ 3,401</u>	<u>\$ -</u>	<u>\$ 1,355,858</u>

A summary of proprietary property, plant and equipment follows:

	<u>Enterprise Funds</u>
Land	\$ 14,350.
Water purification system	750,761.
Construction in progress	853,594.
Sewer plant improvements	29,380.
Furniture and equipment	18,694.
Subtotal	1,666,779.
Less accumulated depreciation	- 183,297.
Total	<u>\$1,483,482.</u>

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 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.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 1999

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

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Village 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 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's contributions to the System for the year ended June 30, 1999 was 5,732., 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, 1999. The Village contributed 5% of each eligible employees 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 1999).

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 on behalf of its participating employees in the SEP plan for the year ended June 30, 1999 was \$3,990.

7. Accounts, Payroll and Other Payables

The following is a summary of payables at June 30, 1999:

Class of Payable	General Fund	Revenue Funds	Proprietary Funds
Tax withholdings	\$ 5,121	\$ -	\$ -
Accounts	7,567	727	4,254
Retainage			76,353
Interest			8,588
Total	\$ 12,689	\$ 727	\$ 89,195

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 1999

8. Compensated Absences

At June 30, 1999, employees of the primary government have accumulated and vested \$15,772. of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$12,995. is recorded within the general long-term obligations account group. The leave liability for employees of the Enterprise fund, for \$2,777. 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, 1999:

	<u>Debt</u>	<u>Agreement</u>	<u>Absences</u>	<u>Total</u>
Long-term obligations payable at 7/1/98	\$ 208,790	\$ 39,854	\$ 10,051	\$ 258,695
Additions	-	-	2,944	2,944
Deductions	24,385	13,870	-	38,255
Long-term obligations payable at 6/30/99	<u>\$ 184,405</u>	<u>\$ 25,984</u>	<u>\$ 12,995</u>	<u>\$ 223,384</u>

General obligation bonds, revenue bonds, certificates of indebtedness, et cetera, are comprised of the following individual issues at June 30, 1999:

Revenue bonds:

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

\$ 69,912.

\$550,000. water revenue bonds dated 3/15/99; purchased by the USDA-Rural Utilities Services. These bonds bear interest at 4.75% and are for a term of 40 years. The repayment of these bonds and the aforementioned issue have been combined by USDA resulting in an interest only payment of \$26,125., due April 15, 2000, a monthly amortized payment of principal and interest in the amount of \$3301.34 continuing until December 2011; and a monthly payment of \$2585.00 from thereafter, until maturity in February 2039.

\$ 550,000.

General obligation debt:

Bonded debt:

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

\$ 93,405.

VILLAGE OF FOLSOM, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 1999

Changes in general long-term obligations, continued.

\$160,000.00 street improvement bond dated 6/30/1994; bonds purchased by Premier Bank of Baton Rouge, LA, principal payable annually, interest at 6.15% payable semiannually through 6/1/2004. \$ 91,000.

Installment agreement:

\$43,644.73 equipment installment lease-purchase agreement with a non-allocation provision dated 3/10/98; provided for financing for police cars, financed by Rapides Bank & Trust of Alexandria, LA, due in monthly installments, includes interest, of \$1,337.59 through 3/10/2001. \$ 25,984.

	210,389.
Unmatured interest coupons	42,330.
	<u>\$252,719.</u>

At June 30, 1999, the Village has accumulated \$26,247. in the debt service fund for future debt requirements.

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$748,469. are as follows:

June 30,	Sales Tax	Street Imp.	Agreement	Revenue	Totals
2000	\$ 14,496	\$ 21,596	\$ 16,051	\$ 36,353	\$ 88,496
2001	14,496	21,613	11,480	39,616	87,205
2002	14,496	21,567	-	39,616	75,679
2003	14,496	21,460	-	39,616	75,572
2004	14,496	22,267	-	39,616	76,379
2005-2012	44,205	-	-	304,034	348,239
2013-2039	-	-	-	827,200	827,200
Totals	\$ 116,685	\$ 108,503	\$ 27,531	\$ 1,326,051	\$ 1,578,770

10. Interfund Assets/Liabilities

Interfund receivable/payables at June 30, 1999, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund		\$ 10,441.
	Special Revenue	- 2,135.
	Enterprise Fund	- 8,306.
TOTAL		<u>\$ 0.</u>

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 1999

11. Changes in Contributed Capital

The following is a summary of changes in contributed capital:

	<u>Enterprise Fund</u>
Balance at July 1, 1998	\$572,450.
Additions:	
USDA-Grant	231,000.
STATE OF LOUISIANA-Grant	15,000.
Deductions:	
Depreciation on fixed assets acquired using capital grants	- 20,093.
Balance at June 30, 1999	<u>\$ 798,358.</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 April 13, 1998, the Village of Folsom, board of Aldermen passed a motion authorizing close out of the LCDBG grant project. Close out of this project allowed the board to pass a resolution to incur indebtedness for a loan of \$550,000. and receive grant funds in the amount of \$450,000 to complete the water tower/water line extension project started by the LCDBG grant. The loan and grant funds were awarded by the United States Department of Agriculture – Rural Utilities Services, CFDA number 10.760. For the year ended June 30, 1999, the Village expended \$781,000. of these funds.

On December 1, 1995, the Village of Folsom Police Department was awarded a COPS Universal Hiring Award grant in the amount of \$71,136 to use through August 31, 1999. Effective May 1, 1996 the Village was awarded a supplement to this grant in the amount of \$88,373, for a total award of \$159,509. This grant is for reimbursement of salaries and related benefits paid to police officers for the period December 1, 1995 through November 30, 1999. For the period ended June 30, 1999, the Village received \$17,090., is due \$5,992. for total salaries and benefits expended of \$23,082. during this reporting period.

14. State Grant

On May 5, 1998, the Village of Folsom received a letter of commitment from the State of Louisiana, Office of the Governor, for funding of a Rural Development Grant, #9798-STT-0301, in an amount not to exceed \$15,000.00. Funds from the grant are to be used for repairing 2 lift stations on Jackson Street at St. Claude Street. Funds totaling \$15,000. were received and expended during the year ended June 30, 1999. Total project cost was \$29,380. with the remainder of funding from sewer operation and maintenance and sales tax revenues.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 1999

15. Litigation and Claims

On August 19, 1998, a judgment in a lawsuit with Investment Management Services, Inc., found that the Village was correct in recognizing that Plat No. 697-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. This lawsuit is still on appeal at 6/30/99.

**PRIMARY GOVERNMENT
SUPPLEMENTARY INFORMATION SCHEDULES**

VILLAGE OF FOLSOM, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1999

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 O 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 19, 1979, for 25 years. These bonds are solely owned by the United States Department of Agriculture – Rural Utilities Services, formerly, Rural Economic Community Development Agency.
2. General obligation bonds for street improvements dated June 1, 1995, in the amount of \$160,000 at 6.15% for 10 years. These bonds were purchased and are administered by Bank One (formerly Premier Bank of Baton Rouge, Louisiana).
3. Installment lease-purchase agreement for law enforcement automobiles dated March 10, 1998, in the amount of \$43,644.73 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, 1999

	<u>Sewer Treatment Plant</u>	<u>Street Improvement Project</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,029	\$ 3,029
Restricted cash	26,247	0	26,247
Total Assets	<u>\$ 26,247</u>	<u>\$ 3,029</u>	<u>\$ 29,276</u>
 LIABILITIES AND FUND EQUITY			
Fund Equity - fund balances:			
Reserved for debt service	<u>\$ 26,247</u>	<u>\$ 302</u>	<u>\$ 29,276</u>
Total Fund Equity	<u>26,247</u>	<u>302</u>	<u>29,276</u>
Total Liabilities and Fund Equity	<u>\$ 26,247</u>	<u>\$ 302</u>	<u>\$ 29,276</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, 1999

	<u>Law Enforcement Automobiles</u>	<u>Sewer Treatment Plant</u>	<u>Street Improvement Project</u>	<u>Total</u>
REVENUES				
Interest	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 267</u>	<u>\$ 911</u>
Total revenues	<u>-</u>	<u>644</u>	<u>267</u>	<u>911</u>
EXPENDITURES				
Debt Service:				
Principal retirement	13,869	9,385	15,000	38,254
Interest and bank charges	<u>2,182</u>	<u>5,111</u>	<u>6,519</u>	<u>13,812</u>
Total expenditures	<u>16,051</u>	<u>14,496</u>	<u>21,519</u>	<u>52,066</u>
Excess (deficiency) of revenue over expenditures	(16,051)	(13,852)	(21,252)	(51,155)
Other financing sources (uses)				
Transfer from other funds	<u>16,051</u>	<u>15,048</u>	<u>21,518</u>	<u>52,617</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	1,196	266	1,462
Fund Balance-reserved for debt service, July 1, 1998	<u>-</u>	<u>25,051</u>	<u>2,763</u>	<u>27,814</u>
Fund Balance-reserved for debt service, June 30, 1999	<u>\$ -</u>	<u>\$ 26,247</u>	<u>\$ 3,029</u>	<u>\$ 29,276</u>

VILLAGE OF FOLSOM, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended June 30, 1999

SCHEDULE 5

CAPITAL PROJECTS FUNDS

The Village of Folsom closed out the Capital Project Fund it maintained for the Division of Administration LCDBG grant project. The remaining balance of \$86.95 at the year ended June 30, 1998, was due to the general fund and thus transferred to close this fund on August 31, 1998.

SCHEDULE 6

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 7

VILLAGE OF FOLSOM, LOUISIANA

SCHEDULE OF BOARD FEES
PAID TO GOVERNING BODY

Year Ended June 30, 1999

Mayor Darell Magee	6 regular	1,800
Mayor Marshall Brumfield	6 regular	1,800
Board of Aldermen:		
Marshall Brumfield	5 regular	500
	1 special	50
Willie Richardson, Jr.	11 regular	1,100
	5 special	250
Jerry Sambola	11 regular	1,100
	5 special	250
David Pittman	6 regular	600
	3 special	150
TOTAL BOARD FEES		<u>\$ 7,600</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.

VILLAGE OF FOLSOM, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 1999

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section II - Management Letter				
98-1	6/30/98	Enterprise fund revenue/ receivables	partial	The administration sent a letter to all utility customers detailing the "cutoff" procedure an options for delinquent customers to pay overdue amounts. The percentages in delinquent account has declined, however it needs to be have not been changed to visibly identify paying customers to the garbage contractor.
98-2	6/30/98	Purchase policy	yes	
98-3	6/30/98	Daily deposits of receipts	yes	

The Village of Folsom

P.O. BOX 609 FOLSOM, LOUISIANA 70437

MAYOR
MARSHALL BRUMFIELD

ADMINISTRATOR
MERTY FITZMORRIS

CHIEF OF POLICE
RONNIE "BEAU" KILLINGSWORTH

(504) 796-5607
FAX 796-5017

ALDERMEN
DAVID PITTMAN
WILLIE RICHARDSON
GERALD SAMBOLA

MUNICIPAL CLERK
JOYCE CORE

VILLAGE OF FOLSOM, LOUISIANA

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

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I - Management Letter				
99-1	The opening and closing of all bank accounts should be documented in the minutes of meeting of the governing board.	The Village will comply with this point and record approval for all changes to bank accounts in the minutes of governing board meetings.	Marshall Brumfield	immediately
99-2	Fixed assets need to be identified as the property of the Village of Folsom and identified with a number which corresponds to the physical listing. The variance between the amount per books and listing for improvements and equip. needs to be reconciled.	The Village Administrator will work on this shortcoming to properly safeguard the physical assets of the Village of Folsom, however she is unsure of how to reconcile the amounts per book to detail listing due to the lack of appropriate records.	Marshall Brumfield	6/30/00
99-3	All employment changes should be documented in the minutes of governing board meetings, complete with pay rates, terminations, start dates etc.	The Village will document all pertinent information regarding employment changes and any phone poles in between meeting dates for changes will be adopted at the next month's meeting and included in the minutes.	Marshall Brumfield	immediately
99-4	In accordance with the Lawrason Act, the compensation of the police, chief and all other municipal officers should be set by ordinance, however this has not been done.	The Village will comply with the Lawrason Act and set as ordinance, the police chief and municipal officer salaries.	Marshall Brumfield	Police chief set at 1/2000 meeting, others to be complete by 6/30/2000.

The Village of Folsom

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Management's corrective action, continued

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
99-5	Audit report not issued in timely manner.	The Village was not at fault concerning the delinquency of the issuance of the audit report. Our auditors experienced a series of unforeseen scheduling delays and have assured us this will not	Marshall Brumfield	immediately

VILLAGE OF FOLSOM, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>U. S. Department of Agriculture</u>			
Passed through Rural Utilities Service			
Water and Waste Disposal Systems for Rural Communities Grant-\$450,000. Loan- \$550,000.(award)	10.760	N/A	780,125
<u>U. S. Department of Justice</u>			
Office of Community Oriented Policing Svc			
COPS Universal Hiring Award Grant #96UMWX0686 Award dates: December 1, 1995 - November 30, 1999 Amount received \$17,090.	16.710	N/A	23,082

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Village of Folsom's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

Note B - USDA - Rural Utilities Services

In accordance with the terms of the letter of conditions, the Village of Folsom expended all loan funds prior to grant funds being released. All required reserve accounts have been established and maintained in accordance with the terms set forth in the letter of conditions.

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

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

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William R. Durden

Donna W. Alonzo

Honorable Mayor Marshall Brumfield
and Board of Aldermen
Village of Folsom, Louisiana

Dear Mayor Brumfield:

We have audited the accompanying general purpose financial statements of the Village of Folsom, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated January 13, 2000.

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 and in compliance with applicable laws and regulations that we are required to report to you. They are as follows:

- 99-1. The opening and closing of all bank accounts should be documented in the minutes of governing board meetings.
- 99-2. Fixed assets need to be identified as the property of the Village of Folsom and identified with a number which corresponds to the physical listing. The variance between the amount recorded per books and per physical listing needs to be reconciled. The largest variance exists in "improvements" and "equipment". The amount unreconciled is due to the inability of the Village administrator to add to her list, items purchased or constructed prior to July 1, 1986, as detailed records prior to that time were not maintained.
- 99-3. All employment changes should be documented in the minutes of governing board meetings, complete with pay rates, full or part time employment, expected hours of work, start and termination dates and any other applicable details.
- 99-4. In accordance with the Lawrason Act, the compensation of the police chief and all other municipal officers should be set by ordinance, however, this has not been done.
- 99-5. Audit report not issued in timely manner. The Village was not at fault concerning the delinquency of the issuance of the audit report. Our firm has experienced a series of unforeseen computer and staffing problems attributing to this delay.

Implementation of the recommendations noted in this letter will aid in strengthening the Village's internal accounting controls and procedures and compliance with applicable laws and regulations.

We have experienced an amicable working relationship with the Village of Folsom in the past and we hope to be able to be of service to you in the future. We thank you for your understanding concerning the delinquency in issuing this report and we assure you that we will do everything in our power to avoid this happening with future engagements.

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,



Durden and Alonzo
Certified Public Accountants

January 13, 2000