

VILLAGE OF FOLSOM, LOUISIANA**Annual Financial Statements****June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 **OCT 26 2011**

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Independent Auditor's Report

To the Honorable Phillip Bickham
and Members of the Board of Aldermen
Village of Folsom, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana (the Village), as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011, on our consideration of the Village of Folsom, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

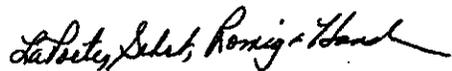
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The Management's Discussion and Analysis, beginning on page 4, and the budgetary comparison schedules, beginning on page 43, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying other supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

September 15, 2011

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

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

As management of the Village of Folsom, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village, for the fiscal year ended June 30, 2011. This Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities, based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget) and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes to financial statements and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

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

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

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- A. The *Statement of Net Assets* presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

- B. The *Statement of Activities* presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The Village's assets exceeded its liabilities at the close of the most recent fiscal year by \$2,908,465 (*net assets*). The Village's net assets are comprised of \$1,170,066 from governmental activities and \$1,738,399 from business-type activities as shown on Statement A.

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

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

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

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

Governmental Activities

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

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

	For the Years Ended June 30,			
	2011	Percentage	2010	Percentage
Governmental Activity Expenses				
General Government	\$ 337,006	45%	\$ 287,502	41%
Public Safety	293,923	39%	287,471	41%
Public Works	115,860	15%	108,520	16%
Economic Development	6,621	1%	16,075	2%
Interest on Debt	1,668	0%	2,435	0%
Total Governmental Activities	\$ 755,078	100%	\$ 702,003	100%

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

	For the Years Ended June 30,			
	2011	Percentage	2010	Percentage
General Revenues				
Taxes	\$ 655,107	60%	\$ 644,764	87%
Insurance Licenses	88,973	8%	79,955	11%
Licenses and Permits	44,919	4%	33,919	5%
Operating Grant	29,640	3%	-	0%
Other General Revenues	18,964	2%	18,365	2%
Fines and Forfeitures	15,984	2%	11,098	1%
Investment Earnings	986	0%	1,237	0%
Capital Contributions	274,665	25%	-	0%
Transfers	(38,500)	-4%	(46,500)	-6%
Total General Revenues and Transfers	\$ 1,090,738	100%	\$ 742,838	100%

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

Business-Type Activities

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

Business-Type Activities	Water		Sewer		Garbage	
	For the Years Ended June 30,		For the Years Ended June 30,		For the Years Ended June 30,	
	2011	2010	2011	2010	2011	2010
Operating Revenues	\$ 118,530	\$ 131,889	\$ 73,119	\$ 71,912	\$ 36,728	\$ 37,678
Operating Expenses	137,897	136,066	124,571	132,651	37,145	38,304
Net Operating Loss	\$ (19,367)	\$ (4,177)	\$ (51,452)	\$ (60,739)	\$ (417)	\$ (626)

2. FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the Village's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using *modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.* The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

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

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

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

The basic governmental funds financial statements are presented as Statement C and Statement E of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$739,409. In the General Fund, the unassigned fund balance is \$189,211 and the assigned for public safety fund balance of \$10,677. The Village has an assigned for public works fund balance of \$470,367 in the Special Revenue Fund, which handles the sales tax collections.

The restricted fund balance in non-major governmental funds in the amount of \$69,154 indicates that these funds are not available for new spending because they have already been restricted for debt service. The net increase in fund balance during the current year in the debt service funds was \$1,223.

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

	General Fund	Special Revenue Fund
Fund Balance at June 30, 2010	\$ 156,884	\$ 385,737
Fund Balance at June 30, 2011	199,888	470,367
Increase in Fund Balance	\$ 43,004	\$ 84,630

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information portion of this report, presented as Schedule 1 and Schedule 2.

- B. Proprietary funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water, Sewer and Garbage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

The proprietary fund financial statements provide separate information for the Water, Sewer and Garbage departments, which are considered to be major funds of the Village. The basic proprietary fund financial statements are presented as Statement G, Statement H and Statement I of this report.

3. NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 41 of this report.

4. REQUIRED SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is presented as Schedule 1, Schedule 2 and Schedule 3 of this report.

5. OTHER SUPPLEMENTAL INFORMATION

- A. Combining statements of the non-major governmental funds for the Town Hall Debt Service Fund and the Street Improvement Project Debt Service Fund have been presented as Schedule 4 and Schedule 5 of the Other Supplemental Information section of this report.
- B. The Schedule of Governing Board is presented as Schedule 6 of the Other Supplemental Information section of this report.

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$2,795,078 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, furniture, vehicles, water system and equipment, and sewer system and equipment. The total increase in the Village's investment in capital assets was \$186,273. This was due primarily to the donation of land and the purchase of new equipment.

VILLAGE OF FOLSOM, LOUISIANA
For the Year Ended June 30, 2011

Management's Discussion and Analysis

	Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 270,000	\$ -	\$ 14,350	\$ 14,350	\$ 284,350	\$ 14,350
Buildings and System	77,705	91,920	-	-	77,705	91,920
Machinery and Equipment	144,944	138,739	-	-	144,944	138,739
Water System and Equipment	-	-	1,169,544	1,217,704	1,169,544	1,217,704
Sewer System and Equipment	-	-	1,118,535	1,146,092	1,118,535	1,146,092
Total	\$ 492,649	\$ 230,659	\$ 2,302,429	\$ 2,378,146	\$ 2,795,078	\$ 2,608,805

Additional information on the Village's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$695,364. Of this amount, \$27,350 comprises debt backed by the full faith and credit of the Village and \$668,014 represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Debt	\$ 27,350	\$ 48,350	\$ -	\$ -	\$ 27,350	\$ 48,350
Revenue Bonds	-	-	668,014	681,252	668,014	681,252
Total	\$ 27,350	\$ 48,350	\$ 668,014	\$ 681,252	\$ 695,364	\$ 729,602

The Village's total debt decreased by \$34,238 during the current fiscal year. Additional information on the Village's long-term debt can be found in Note 10 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Phillip Bickham, Mayor, 82378 June Street, Folsom, Louisiana 70437.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

VILLAGE OF FOLSOM, LOUISIANA
Statement of Net Assets
June 30, 2011

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 445,251	\$ 16,862	\$ 462,113
Investments	223,846	4,372	228,218
Receivables			
Water, Sewer and Garbage, Net	-	20,074	20,074
Sales Taxes	49,593	-	49,593
Other	24,206	-	24,206
Internal Balances	15,816	(15,816)	-
Restricted Cash and Cash Equivalents	-	140,482	140,482
Capital Assets, Net	492,649	2,302,429	2,795,078
Total Assets	1,251,361	2,468,403	3,719,764
Liabilities			
Accounts Payable	9,620	7,934	17,554
Accrued Liabilities	9,683	-	9,683
Compensated Absences	34,642	6,161	40,803
Payable from Restricted Assets			
Customer Deposits	-	47,895	47,895
Revenue Bonds - Due Within One Year	-	14,963	14,963
Revenue Bonds Payable - Due In More Than One Year	-	653,051	653,051
Certificates of Indebtedness Payable			
Due Within One Year	22,000	-	22,000
Community Disaster Loan Payable			
Due in More Than One Year	5,350	-	5,350
Total Liabilities	81,295	730,004	811,299
Net Assets			
Invested in Capital Assets, Net of Related Debt	470,649	1,649,378	2,120,027
Restricted for:			
Debt Service	69,154	-	69,154
Revenue Bonds	-	73,368	73,368
Meter Deposits	-	4,256	4,256
Unrestricted	630,263	11,397	641,660
Total Net Assets	\$ 1,170,066	\$ 1,738,399	\$ 2,908,465

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2011

Statement B

Functions / Programs Primary Government	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 337,006	\$ 38,641	\$ -	\$ (298,365)	\$ -	\$ (298,365)
Public Safety	293,923	-	-	(293,923)	-	(293,923)
Public Works	115,860	-	31,659	(84,201)	-	(84,201)
Economic Development	6,621	-	-	(6,621)	-	(6,621)
Interest Expense	1,668	-	-	(1,668)	-	(1,668)
Total Governmental Activities	755,078	38,641	31,659	(684,778)	-	(684,778)
Business-Type Activities						
Water	137,897	118,530	-	-	(19,367)	(19,367)
Sewer	124,571	73,119	-	-	(51,452)	(51,452)
Garbage	37,145	36,728	-	-	(417)	(417)
Interest Expense	31,394	-	-	-	(31,394)	(31,394)
Total Business-Type Activities	331,007	228,377	-	-	(102,630)	(102,630)
Total	\$ 1,086,085	\$ 267,018	\$ 31,659	(684,778)	(102,630)	(787,408)
General Revenues						
Taxes				655,107	-	655,107
Insurance Licenses				88,973	-	88,973
Licenses and Permits				44,919	-	44,919
Operating Grant				29,640	-	29,640
Other General Revenues				18,964	-	18,964
Fines and Forfeitures				15,984	-	15,984
Investment Earnings				986	474	1,460
Capital Contributions				274,665	-	274,665
Transfers				(38,500)	38,500	-
Total General Revenues and Transfers				1,090,738	38,974	1,129,712
Change in Net Assets				405,960	(63,656)	342,304
Net Assets, Beginning of Year				764,106	1,824,467	2,588,573
Prior Period Adjustment				-	(22,412)	(22,412)
Net Assets, Beginning of Year, As Restated (Note 16)				764,106	1,802,055	2,566,161
Net Assets, End of Year				\$ 1,170,066	\$ 1,738,399	\$ 2,908,465

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

VILLAGE OF FOLSOM, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2011

Statement C

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 145,708	\$ 230,389	\$ 69,154	\$ 445,251
Investments	27,038	196,808	-	223,846
Receivables, Net				
Sales Taxes	-	49,593	-	49,593
Other Receivables	24,206	-	-	24,206
Due from Other Funds	47,955	6,231	-	54,186
Total Assets	\$ 244,907	\$ 483,021	\$ 69,154	\$ 797,082
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 5,811	\$ 3,809	\$ -	\$ 9,620
Accrued Liabilities	9,683	-	-	9,683
Due to Other Funds	29,525	8,845	-	38,370
Total Liabilities	45,019	12,654	-	57,673
Fund Balances				
Restricted for Debt Service	-	-	69,154	69,154
Assigned for:				
Public Works	-	470,367	-	470,367
Public Safety	10,677	-	-	10,677
Unassigned	189,211	-	-	189,211
Total Fund Balances	199,888	470,367	69,154	739,409
Total Liabilities and Fund Balances	\$ 244,907	\$ 483,021	\$ 69,154	\$ 797,082

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Assets
June 30, 2011

Statement D

Fund Balances - Total Governmental Funds	\$ 739,409
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	908,444
Less: Accumulated Depreciation	(415,795)

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

Community Disaster Loan Payable	(5,350)
Bonds Payable	(22,000)

Compensated absences do not require the use of current financial resources. Therefore, compensated absences are not reported as a liability in the governmental funds balance sheet.

<u>(34,642)</u>

Net Assets of Governmental Activities

<u>\$ 1,170,066</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Statement E

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Sales Taxes	\$ -	\$ 610,579	\$ -	\$ 610,579
Franchise Taxes	38,165	-	-	38,165
Other	6,363	-	-	6,363
Insurance Licenses	88,973	-	-	88,973
Licenses and Permits	44,919	-	-	44,919
Tower Lease	38,641	-	-	38,641
Grant Revenues	29,640	31,659	-	61,299
Other Revenues	10,964	8,000	-	18,964
Fines and Forfeitures	15,984	-	-	15,984
Interest Income	50	596	340	986
Total Revenues	273,699	650,834	340	924,873
Expenditures				
Current				
General Government	314,146	-	-	314,146
Public Safety	285,085	-	-	285,085
Public Works	-	128,996	-	128,996
Economic Development	6,621	-	-	6,621
Debt Service				
Principal	-	-	21,000	21,000
Interest and Fiscal Charges	-	-	1,668	1,668
Total Expenditures	605,852	128,996	22,668	757,516
Excess (Deficiency) of Revenues Over Expenditures	(332,153)	521,838	(22,328)	167,357
Other Financing Sources (Uses)				
Transfers In	398,708	-	23,551	422,259
Transfers Out	(23,551)	(437,208)	-	(460,759)
Total Other Financing Sources (Uses)	375,157	(437,208)	23,551	(38,500)
Net Change in Fund Balances	43,004	84,630	1,223	128,857
Fund Balance, Beginning of Year	156,884	385,737	67,931	610,552
Fund Balance, End of Year	\$ 199,888	\$ 470,367	\$ 69,154	\$ 739,409

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Statement F

Net Change in Fund Balances - Total Governmental Funds **\$ 128,857**

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

Governmental funds report capital outlays as expenditures; however, in the
Statement of Activities, the cost of those assets is allocated over their
estimated useful lives through depreciation expense. This is the amount by
which depreciation exceeded capital outlays charged in the current period. (12,675)

Capital assets were donated to the Village. This is the amount the
donations increased capital assets. 274,665

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces non-current liabilities in the Statement
of Net Assets. This is the amount of bond principal repayments. 21,000

Payment of compensated absences is reported as an expenditure in the
governmental funds when actually paid. However, on the
government-wide Statement of Activities, compensated absences
are expensed as they are accrued. This is the amount of change in the
compensated absences liability. (5,887)

Change in Net Assets of Governmental Activities **\$ 405,960**

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Net Assets
Proprietary Funds
June 30, 2011

Statement G

	Water	Sewer	Garbage	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 17,030	\$ -	\$ 2,479	\$ 19,509
Investments	4,372	-	-	4,372
Receivables				
Water, Sewer and Garbage, Net	5,491	6,926	7,657	20,074
Total Current Assets	26,893	6,926	10,136	43,955
Non-Current Assets				
Restricted Cash and Cash Equivalents	106,419	34,063	-	140,482
Capital Assets, Net of Accumulated Depreciation	1,183,894	1,118,535	-	2,302,429
Total Non-Current Assets	1,290,313	1,152,598	-	2,442,911
Total Assets	1,317,206	1,159,524	10,136	2,486,866
Liabilities				
Current Liabilities				
Cash Overdraft	-	2,647	-	2,647
Accounts Payable	7,934	-	-	7,934
Due to Other Funds	6,909	5,868	3,039	15,816
Compensated Absences	1,977	4,184	-	6,161
Payable from Restricted Assets				
Revenue Bonds	11,371	3,592	-	14,963
Customer Deposits	27,250	20,645	-	47,895
Total Current Liabilities	55,441	36,936	3,039	95,416
Non-Current Liabilities				
Revenue Bonds Payable	432,201	220,850	-	653,051
Total Liabilities	487,642	257,786	3,039	748,467
Net Assets				
Invested in Capital Assets, Net of Related Debt	751,693	897,685	-	1,649,378
Restricted for:				
Revenue Bonds	65,815	7,553	-	73,368
Customer Deposits	1,983	2,273	-	4,256
Unrestricted Net Assets	10,073	(5,773)	7,097	11,397
Total Net Assets	\$ 829,564	\$ 901,738	\$ 7,097	\$ 1,738,399

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Statement H

	Water	Sewer	Garbage	Total
Operating Revenues				
Service Fees	\$ 107,407	\$ 73,119	\$ 36,728	\$ 217,254
Delinquent Fees	6,745	-	-	6,745
Installation Fees	3,030	-	-	3,030
Other	1,348	-	-	1,348
Total Operating Revenues	118,530	73,119	36,728	228,377
Operating Expenses				
Salaries and Fringe Benefits	53,092	47,350	-	100,442
Depreciation	48,160	33,942	-	82,102
Garbage Collection	-	-	36,374	36,374
General and Administrative	20,324	12,362	771	33,457
Utilities	10,702	18,718	-	29,420
Repairs and Maintenance	5,619	12,199	-	17,818
Total Operating Expenses	137,897	124,571	37,145	299,613
Operating Loss	(19,367)	(51,452)	(417)	(71,236)
Non-Operating Revenues (Expenses)				
Interest Income	402	72	-	474
Interest and Fiscal Charges	(21,245)	(10,149)	-	(31,394)
Total Non-Operating (Expenses)	(20,843)	(10,077)	-	(30,920)
(Loss) Income before Transfers	(40,210)	(61,529)	(417)	(102,156)
Transfers In	-	38,500	-	38,500
Change in Net Assets	(40,210)	(23,029)	(417)	(63,656)
Net Assets, Beginning of Year	869,774	947,179	7,514	1,824,467
Prior Period Adjustment	-	(22,412)	-	(22,412)
Net Assets, Beginning of Year, As Restated (Note 16)	869,774	924,767	7,514	1,802,055
Net Assets, End of Year	\$ 829,564	\$ 901,738	\$ 7,097	\$ 1,738,399

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Statement I

	Water	Sewer	Garbage	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 122,404	\$ 100,188	\$ 36,284	\$ 258,876
Payments to Suppliers	(28,779)	(68,300)	(37,145)	(134,224)
Payments to Employees	(53,368)	(46,765)	-	(100,133)
Net Cash Provided by (Used in) Operating Activities	40,257	(14,877)	(861)	24,519
Cash Flows from Non-Capital Financing Activities				
Transfers In	-	38,500	-	38,500
Proceeds from (Repayment of) Interfund Borrowings	2,735	(3,351)	1,409	793
Net Cash Provided by Non-Capital Financing Activities	2,735	35,149	1,409	39,293
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	-	(6,386)	-	(6,386)
Principal Paid on Capital Debt	(9,767)	(3,471)	-	(13,238)
Interest Paid on Capital Debt	(21,245)	(10,149)	-	(31,394)
Net Cash Used in Capital and Related Financing Activities	(31,012)	(20,006)	-	(51,018)
Cash Flows from Investing Activities				
Purchase of Investments	(7)	-	-	(7)
Interest Received	402	72	-	474
Net Cash Provided by Investing Activities	395	72	-	467
Net Increase in Cash and Cash Equivalents	12,375	338	548	13,261
Cash and Cash Equivalents, Beginning of Year	111,074	33,725	1,931	146,730
Cash and Cash Equivalents, End of Year	\$ 123,449	\$ 34,063	\$ 2,479	\$ 159,991
Cash and Cash Equivalents Reconciliation				
Cash and Cash Equivalents (Unrestricted)	\$ 17,030	\$ -	\$ 2,479	\$ 19,509
Restricted Cash and Cash Equivalents	106,419	34,063	-	140,482
Cash and Cash Equivalents, End of Year	\$ 123,449	\$ 34,063	\$ 2,479	\$ 159,991

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Statement I (Continued)

	Water	Sewer	Garbage	Total
Reconciliation of Operating Loss to Net Cash Provided by (Used In) Operating Activities				
Operating Loss	\$ (19,367)	\$ (51,452)	\$ (417)	\$ (71,236)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation	48,160	33,942	-	82,102
Changes in Assets and Liabilities				
Decrease (Increase) in Accounts Receivable	2,293	1,958	(592)	3,659
Decrease in Other Receivables	2,061	25,073	148	27,282
Increase in Cash Overdraft	-	838	-	838
Increase (Decrease) in Accounts Payable	7,866	(25,021)	-	(17,155)
(Decrease) Increase in Compensated Absences	(276)	585	-	309
Decrease in Customer Deposits	(480)	(800)	-	(1,280)
Net Cash Provided by (Used in) Operating Activities	\$ 40,257	\$ (14,877)	\$ (861)	\$ 24,519
Supplemental Disclosure of Cash Flow Information				
Interest Paid	\$ (21,245)	\$ (10,149)	\$ -	\$ (31,394)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Introduction

The Village of Folsom, Louisiana (the Village), was incorporated in 1915, under the provisions of the Lawrason Act, Louisiana Revised Statute (LRS) 33:321. The Village operates under a Mayor-Board of Aldermen form of government. The Village provides police protection, maintenance of streets, economic development, water, sewer and garbage services.

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

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

Basis of Presentation

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

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

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

For the year ended June 30, 2011, the Village adopted Governmental Accounting Standards Board Statement No. 54. This statement provides clearer definitions for governmental funds. This statement also establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General Fund

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

Special Revenue Fund

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

1982 1% Sales Tax - Proceeds are undesignated as to use.

1986 1% Sales Tax - Proceeds are undesignated as to use.

1995 ½% Sales Tax - Dedicated to providing police protection to the Village.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Village has presented the following major proprietary funds:

Water Fund

The water fund is used to account for the water services provided to the residents and businesses of the Village.

Sewer Fund

The sewer fund is used to account for the sewer services provided to the residents and businesses of the Village.

Garbage Fund

The garbage fund is used to account for the garbage services provided to the residents and businesses of the Village.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in collection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

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

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

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

Budgets and Budgetary Accounting

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

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

Deposits and Investments

Cash and cash equivalents consist of cash in demand deposits, including restricted cash.

Under state law, the Village may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Village may invest in United States bonds, treasury notes, repurchase agreements or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Accumulated Unpaid Vacation Leave and Sick Pay

The Village's employees earn vacation time at the rate of two weeks for up to five years of service, three weeks for up to ten years of service, and four weeks for ten years or more of service. Sick leave is earned at a rate of one day per month and can accumulate up to a limit of 480 hours. Sick leave is not paid upon termination or retirement. The Village has recorded a liability for unpaid compensated absences of \$34,642 for Governmental Activities, \$1,977 in the Water Fund and \$4,184 in the Sewer Fund.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance is \$3,811 for the Water Fund, \$4,509 for the Sewer Fund and \$1,929 for the Garbage Fund at June 30, 2011.

Capital Assets

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

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

Capital outlays are recorded as expenditures in the fund financial statements and they are recorded as assets in the government-wide financial statements, to the extent the Village's capitalization threshold is met.

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

Description	Estimated Lives
Land Improvements	20 Years
Buildings and Building Improvements	15 - 40 Years
Water and Sewer System	40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	5 - 20 Years

Long-Term Obligations

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

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

Government-Wide Statements

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

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

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted* - Amounts that can be spent only for specific purposes because of the Village Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
2. *Assigned* - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the governing Board.
3. *Unassigned* - All amounts not included in other spendable classifications.

Interfund Transactions

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability

Deposits and Investment Laws and Regulations

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

Compliance with Debt Covenants

1. Compliance with Water Revenue Bond Covenants

As of June 30, 2011, the Village was in compliance with all Water Revenue Bond Covenants.

2. Compliance with Sewer Revenue Bond Covenants

As of June 30, 2011, the Village was in compliance with all Sewer Revenue Bond Covenants.

Note 3. Cash and Cash Equivalents

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

At year-end, the carrying amount of the Village's bank deposits was \$638,055 (including \$143,002 of restricted cash).

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

At June 30, 2011, the Village had \$24,803 in non-interest bearing deposits. These deposits are fully secured from risk by federal deposit insurance. At June 30, 2011, the Village had \$613,252 in interest-bearing deposits. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$363,252 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 4. Investments

Investments held at June 30, 2011, consist of \$228,218 in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 37 as of June 30, 2011.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of the change in capital assets for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ -	\$ 270,000	\$ -	\$ 270,000
Capital Assets Being Depreciated				
Buildings and Improvements	221,979	-	-	221,979
Equipment, Furniture and Vehicles	391,080	25,385	-	416,465
Total Capital Assets Being Depreciated	613,059	25,385	-	638,444
Less Accumulated Depreciation for:				
Buildings and Improvements	(130,059)	(14,215)	-	(144,274)
Equipment, Furniture and Vehicles	(252,341)	(19,180)	-	(271,521)
Total Accumulated Depreciation	(382,400)	(33,395)	-	(415,795)
Total Capital Assets Being Depreciated, Net	230,659	(8,010)	-	222,649
Total Governmental Activities	\$ 230,659	\$ 261,990	\$ -	\$ 492,649
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 14,350	\$ -	\$ -	\$ 14,350
Capital Assets Being Depreciated				
Water System and Equipment	1,913,674	-	-	1,913,674
Sewer System and Equipment	1,371,768	6,385	-	1,378,153
Total Capital Assets Being Depreciated	3,285,442	6,385	-	3,291,827
Less Accumulated Depreciation for:				
Water System and Equipment	(695,970)	(48,160)	-	(744,130)
Sewer System and Equipment	(225,676)	(33,942)	-	(259,618)
Total Accumulated Depreciation	(921,646)	(82,102)	-	(1,003,748)
Total Capital Assets Being Depreciated, Net	2,363,796	(75,717)	-	2,288,079
Total Business-Type Activities	\$ 2,378,146	\$ (75,717)	\$ -	\$ 2,302,429

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Depreciation was charged to programs as follows:

Governmental Activities	Amount
General Government	\$ 16,973
Public Safety	8,838
Public Works	7,584
Total	\$ 33,395

Business-Type Activities	Amount
Water	\$ 48,160
Sewer	33,942
Total	\$ 82,102

Note 6. Employee Pension Plan

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

Municipal Employees Retirement System of Louisiana (the System)

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Village are members of Plan B.

Plan Description

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 20 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

Municipal Employees Retirement System of Louisiana (the System) (Continued)

Plan Description (Continued)

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

Funding Policy

Under Plan B, members are required by state statute to contribute 5 percent of their annual covered salary, and the Village is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village 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 required contributions to the System under Plan B for the years ended June 30, 2011, 2010 and 2009, were \$14,933, \$12,219, and \$13,543, respectively, equal to the required contributions for the year.

Municipal Police Employees Retirement System of Louisiana (the Police System)

Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the Police 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 3½ percent of their final-average salary for each year of creditable service.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The Police System also provides death and disability benefits. Benefits are established by state statute.

The Police System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Police 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.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

**Municipal Police Employees Retirement System of Louisiana (the Police System)
(Continued)**

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 25 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 required contributions to the Police System for the years ended June 30, 2011, 2010 and 2009 were \$34,598, \$16,996 and \$17,987, respectively, equal to the required contributions for each year.

Note 7. Insurance Coverage

<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Coverage</u>	
Auto Property Damage	8/19/2010 to 8/19/2011	Total	\$ 45,000
Commercial Property	1/1/2011 to 1/1/2012	Town Hall	418,993
		Water and Sewer	390,271
Fidelity Bond	12/30/2010 to 12/30/2011	Mayor	40,000
		Clerk	65,000
		Assistant Clerk	5,000
Workers' Compensation	1/1/2011 to 1/1/2012	Policy Limit	Statutory
Automotive Liability	2/1/2010 to 2/1/2013	Total	500,000
Commercial General Liability	2/1/2010 to 2/1/2013	Aggregate and Each	500,000
Law Enforcement Liability	2/1/2010 to 2/1/2013		500,000
Errors and Omissions	2/1/2010 to 2/1/2013		500,000

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 8. Utility Rates

Water

Up to 2,000 Gallons	\$9.00
2,001 to 5,000	Additional \$2.10 per Thousand
5,001 to 10,000	Additional \$1.10 per Thousand
Over 10,001	Additional \$1.00 per Thousand

Sewer - Residential

Up to 2,000	\$12.50
Over 2,000	\$2.00 per Thousand

Sewer - Commercial

Up to 2,000	\$30.00
Over 2,000	\$2.00 per Thousand

Sewer - Unmetered Use (No Water)

Fixed Rate of \$17.50

Garbage

Fixed Rate of \$15.25

At June 30, 2011, the Village served the following customers:

	Residential	Commercial	Total
Water	544	83	627
Sewer	180	55	235
Garbage	200	1	201

Note 9. Enterprise Fund Receivables

At June 30, 2011, the Village's accounts receivable from utility customers is aged as follows:

Current	\$ 16,983
31 to 60 Days	3,019
61 to 90 Days	762
91 and Over	9,559
	<u>30,323</u>
Less: Allowance for Doubtful Accounts	<u>(10,249)</u>
Total	<u><u>\$ 20,074</u></u>

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities

The following is a summary of long-term liability transactions and total long-term liabilities of the Village for the year ended June 30, 2011:

	Certificates of Indebtedness	Community Disaster Loan	Water Revenue	Sewer Revenue	Total
Bonds and Notes					
at July 1, 2010	\$ 43,000	\$ 5,350	\$453,339	\$ 227,913	\$ 729,602
Bonds Issued	-	-	-	-	-
Bonds Retired	(21,000)	-	(9,767)	(3,471)	(34,238)
Bonds and Notes					
at June 30, 2011	<u>\$ 22,000</u>	<u>\$ 5,350</u>	<u>\$443,572</u>	<u>\$ 224,442</u>	<u>\$ 695,364</u>

Certificates of Indebtedness

\$100,000 Certificate of Indebtedness, Series 2007, due in varying semi-annual installments including interest at 4.51% per annum through May 1, 2012. \$ 22,000

Community Disaster Loan

\$5,350 Community Disaster Loan issued 11/3/06, secured by the revenues of the Village, repayment dates are unknown as of the release of this report. \$ 5,350

Revenue Bonds - Water

\$550,000 Utility Bonds dated 3/15/99; purchased by USDA - Rural Utilities Service, due in monthly installments of \$2,585, with interest at 4.75% per annum through February 29, 2039, secured by the revenues of the Water Fund. \$ 443,572

Revenue Bonds - Sewer

\$250,000 Utility Bonds dated 9/9/02; purchased by USDA - Rural Utilities Service, due in monthly installments of \$1,135, with interest at 4.5% per annum beginning in February 2004 through February 2044, secured by the revenues of the Sewer Fund. \$ 224,442

Future principal and interest payments for the Community Disaster Loan are uncertain and cannot be presented.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities (Continued)

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

	Governmental		Water Revenue		Sewer Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 22,000	\$ 857	\$ 11,371	\$ 19,649	\$ 3,592	\$ 10,028	\$ 36,963	\$ 30,534
2013	-	-	11,894	19,126	3,757	9,863	15,651	28,989
2014	-	-	12,440	18,580	3,929	9,691	16,369	28,271
2015	-	-	13,011	18,009	4,110	9,510	17,121	27,519
2016	-	-	13,609	17,411	4,299	9,321	17,908	26,732
2017-2021	-	-	78,018	77,082	24,644	43,456	102,662	120,538
2022-2026	-	-	97,663	57,437	30,848	37,252	128,511	94,689
2027-2031	-	-	122,255	32,845	38,616	29,484	160,871	62,329
2032-2036	-	-	83,311	7,167	50,957	22,380	134,268	29,547
2037-2041	-	-	-	-	57,853	10,247	57,853	10,247
2042	-	-	-	-	1,837	10	1,837	10
Total	\$ 22,000	\$ 857	\$443,572	\$267,306	\$224,442	\$191,242	\$690,014	\$459,405

Note 11. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies from the General Fund to individual funds to cover current expenditures. Individual fund balances due from/to other funds at June 30, 2011, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 47,955	\$ 29,525
Special Revenue Fund	6,231	8,845
Enterprise		
Water Fund	-	6,909
Sewer Fund	-	5,868
Garbage Fund	-	3,039
Total	\$ 54,186	\$ 54,186

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 12. Interfund Transfers

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

	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 398,708	\$ 23,551
Special Revenue Fund	-	437,208
Debt Service		
Town Hall Fund	23,551	-
Enterprise		
Sewer Fund	38,500	-
Total	\$ 460,759	\$ 460,759

Note 13. Restricted Assets

On September 9, 2002, the Village issued \$250,000 of Sewer Utility Revenue Bonds, and on March 15, 2000, the Village issued \$550,000 of Water Utility Revenue Bonds. The proceeds of these bonds, along with a grant from U.S. Department of Agriculture, were used to fund sewer and water system improvements. The bond resolutions of these issues require the Village to restrict and maintain the following funds:

Revenue Bond Sinking Fund

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

Revenue Bond Reserve Fund

The Village is required to deposit monthly \$57 in the Sewer Fund and \$129 in the Water Fund until the reserve is equal to the highest annual debt service amount (principal and interest) is obtained. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2011.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 13. Restricted Assets (Continued)

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the systems. Regular monthly deposits of \$57 in the Sewer Fund and \$129 in the Water Fund are to be made with the regularly designated fiscal agent of the Village. This requirement has been met at June 30, 2011.

Note 14. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2011, the Village carried insurance through various commercial carriers to cover all risks of losses. The Village has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 15. Prior Period Adjustment

The Village recorded a prior period adjustment in the Sewer Fund, decreasing the fund balance by \$22,412. The adjustment is related to a misestimation of grant reimbursements in the prior year.

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULES**

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

Schedule 1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes	\$ 52,500	\$ 52,500	\$ 44,528	\$ (7,972)
Insurance Licenses	85,000	85,000	88,973	3,973
Licenses and Permits	45,800	45,800	44,919	(881)
Tower Lease	11,500	11,500	38,641	27,141
Grant Revenues	-	-	29,640	29,640
Fines and Forfeitures	14,000	14,000	15,984	1,984
Other Revenues	30,325	30,325	10,964	(19,361)
Interest Income	5	5	50	45
Total Revenues	239,130	239,130	273,699	34,569
Expenditures				
Current				
General Government	307,500	307,500	314,146	(6,646)
Public Safety - Police	281,975	281,975	285,085	(3,110)
Economic Development	17,450	17,450	6,621	10,829
Debt Service Payments	7,900	7,900	-	7,900
Total Expenditures	614,825	614,825	605,852	8,973
Deficiency of Revenues Under Expenditures	(375,695)	(375,695)	(332,153)	43,542
Other Financing Sources				
Operating Transfers In	291,450	291,450	375,157	83,707
Total Other Financing Sources	291,450	291,450	375,157	83,707
Net Change in Fund Balance	\$ (84,245)	\$ (84,245)	43,004	\$ 127,249
Fund Balance, Beginning of Year			156,884	
Fund Balance, End of Year			\$ 199,888	

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

Schedule 2

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
General Government				
Legal and Professional	\$ 60,000	\$ 60,000	\$ 86,330	\$ (26,330)
Salaries	70,000	70,000	68,253	1,747
Insurance	38,000	38,000	36,834	1,166
Aldermen's and Mayor's Expenses	20,000	20,000	24,000	(4,000)
Employee Health Insurance	25,000	25,000	22,973	2,027
Utilities	15,500	15,500	19,474	(3,974)
Employee Pension Plan	12,000	12,000	14,933	(2,933)
Other	7,000	7,000	9,296	(2,296)
Office Supplies	6,400	6,400	8,758	(2,358)
Payroll Taxes	11,000	11,000	6,308	4,692
Supplies	8,000	8,000	5,890	2,110
Fuel	4,000	4,000	4,594	(594)
Repairs and Maintenance	10,000	10,000	2,860	7,140
Building Inspection Fees	6,000	6,000	1,599	4,401
Publications	4,000	4,000	1,524	2,476
Dues and Subscriptions	600	600	520	80
Capital Outlay	10,000	10,000	-	10,000
Total General Government	\$ 307,500	\$ 307,500	\$ 314,146	\$ (6,646)

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

Schedule 2 (Continued)

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Public Safety				
Salaries	\$ 162,500	\$ 162,500	\$ 142,433	\$ 20,067
Employee Health Insurance	43,500	43,500	41,268	2,232
Retirement	16,500	16,500	34,598	(18,098)
Insurance	20,000	20,000	24,740	(4,740)
Fuel	8,000	8,000	10,628	(2,628)
Supplies and Uniforms	10,000	10,000	8,144	1,856
Telephone	8,200	8,200	7,972	228
Repairs and Maintenance	2,000	2,000	4,892	(2,892)
Other	1,725	1,725	4,672	(2,947)
Payroll Taxes	3,000	3,000	3,906	(906)
Training	1,000	1,000	1,112	(112)
Law Enforcement Fees	50	50	564	(514)
Legal and Professional	500	500	156	344
Capital Outlay	5,000	5,000	-	5,000
Total Public Safety	\$ 281,975	\$ 281,975	\$ 285,085	\$ (3,110)

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

Schedule 2 (Continued)

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Economic Development				
Salaries	\$ 7,100	\$ 7,100	\$ 4,055	\$ 3,045
Supplies	7,500	7,500	1,603	5,897
Office Supplies	2,000	2,000	390	1,610
Payroll Taxes	550	550	310	240
Fuel	300	300	263	37
Total Economic Development	\$ 17,450	\$ 17,450	\$ 6,621	\$ 10,829

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2011

Schedule 3

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales and Use	\$ 603,000	\$ 603,000	\$ 610,579	\$ 7,579
Grant Revenue	50,000	50,000	31,659	(18,341)
Other	6,300	6,300	8,000	1,700
Interest Income	500	500	596	96
Total Revenues	659,800	659,800	650,834	(8,966)
Expenditures				
Public Works				
Salaries	54,500	54,500	57,961	(3,461)
Capital Outlay	85,000	85,000	20,720	64,280
Employee Health Insurance	15,500	15,500	18,940	(3,440)
Street Maintenance	10,000	10,000	9,189	811
Highway Maintenance	6,000	6,000	6,640	(640)
Insurance	6,500	6,500	5,472	1,028
Payroll Taxes	4,150	4,150	4,279	(129)
Street Lighting	3,500	3,500	3,039	461
Dumpster	1,200	1,200	1,740	(540)
Supplies	2,600	2,600	1,016	1,584
Other	1,250	1,250	-	1,250
Total Expenditures	190,200	190,200	128,996	61,204
Excess of Revenues Over Expenditures	469,600	469,600	521,838	52,238
Other Financing Uses				
Operating Transfers	(390,500)	(390,500)	(437,208)	(46,708)
Total Other Financing Uses	(390,500)	(390,500)	(437,208)	(46,708)
Net Change in Fund Balance	\$ 79,100	\$ 79,100	84,630	\$ 5,530
Fund Balance, Beginning of Year			385,737	
Fund Balance, End of Year			\$ 470,367	

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF FOLSOM, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

Other Supplemental Information
Schedule 4

	<u>Debt Service</u>		Total Non-Major Governmental Funds
	Town Hall	Street Improvement Project	
Assets			
Cash	\$ 41,646	\$ 27,508	\$ 69,154
Total Assets	\$ 41,646	\$ 27,508	\$ 69,154
Fund Balance			
Restricted for Debt Service	\$ 41,646	\$ 27,508	\$ 69,154
Total Fund Balance	\$ 41,646	\$ 27,508	\$ 69,154

VILLAGE OF FOLSOM, LOUISIANA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2011

Other Supplemental Information
Schedule 5

	<u>Debt Service</u>		Total Non-Major Governmental Funds
	Town Hall	Street Improvement Project	
Revenues			
Interest Income	\$ 216	\$ 124	\$ 340
Total Revenues	216	124	340
Expenditures			
Debt Service			
Principal	21,000	-	21,000
Interest and Fiscal Charges	1,668	-	1,668
Total Expenditures	22,668	-	22,668
(Deficiency) Excess of Revenues (Under) Over Expenditures	(22,452)	124	(22,328)
Other Financing Sources			
Operating Transfers In	23,551	-	23,551
Total Other Financing Sources	23,551	-	23,551
Net Change in Fund Balance	1,099	124	1,223
Fund Balance, Beginning of Year	40,547	27,384	67,931
Fund Balance, End of Year	\$ 41,646	\$ 27,508	\$ 69,154

VILLAGE OF FOLSOM, LOUISIANA
Schedule of Governing Board
For the Year Ended June 30, 2011

Other Supplemental Information
Schedule 6

July - December 2010	Compensation
Ronald Holliday, Alderman PO Box 575 Folsom, LA 70437	\$ 2,700
Charles Wilt, Alderman 418 Acadian Drive Folsom, LA 70437	\$ 2,700
Phillip Bickham, Alderman PO Box 914 Folsom, LA 70437	\$ 2,700
Marshell Brumfield, Mayor 12428 Hay Hollow Road Folsom, LA 70437	\$ 3,900
January - June 2011	Compensation
Jill Mathies, Alderwoman 396 Village Farms Lane Folsom, LA 70437	\$ 2,700
Lance Willie, Alderman PO Box 447 Folsom, LA 70437	\$ 2,700
Donald Burris, Alderman PO Box 1984 Folsom, LA 70437	\$ 2,700
Phillip Bickham, Mayor PO Box 914 Folsom, LA 70437	\$ 3,900

OTHER REPORTS



5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Folsom, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Village of Folsom, Louisiana's basic financial statements and have issued our report thereon dated September 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Folsom, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

An Independently Owned Member, McGladrey Alliance

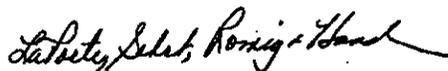
The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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



A Professional Accounting Corporation

September 15, 2011