
VILLAGE OF FRENCH SETTLEMENT
REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 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 MAY 30 2012

VILLAGE OF FRENCH SETTLEMENT
REVIEW REPORT
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Mayor, Tom Guitrau
And Members of the Board of Alderman
Village of French Settlement, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Village of French Settlement, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Village of French Settlement, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

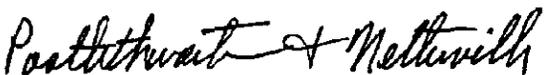
The management of the Village of French Settlement is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 K- Fund Equity of Fund Financial Statements, the village adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ended December 31, 2011. This standard reclassified the village's fund balance into various categories but did not affect the measurement of total fund balances.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information on pages 2 - 7 and 21, are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by The Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.


May 8, 2012

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on December 31, 2011

FINANCIAL HIGHLIGHTS

- The Village's total net assets totaling \$842,856 increased 9.3% over the course of the year's operations compared to prior year
- During the year, the Village's expenses were \$71,395 less than the \$322,448 generated in charges for services, and other revenue
- The General fund reported a fund balance of \$305,498 at December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Figure A-1 Major Features of Village's Government and Fund Financial Statements		
	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire Village government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as police, fire, and parks
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments is due during the year or soon thereafter

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Government-wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net assets and how they have changed. Net assets—the difference between the Village's assets and liabilities—is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Village consist of one category:

- Governmental activities—most of the Village's basic services are included here, such as the police department, and general administration. Fines and fees finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds—not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

The Village has only one kind of fund

- Governmental funds—Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that 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 this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net assets The Village's net assets were \$842,856 at the end of the fiscal year (See Table A-1)

Table A-1		
Village's Net Assets		
Governmental Activities		
	2011	2010
Current and other assets	\$314,015	\$287,418
Capital assets	537,358	493,137
Total assets	851,373	780,555
Current liabilities	8,517	9,094
Total liabilities	8,517	9,094
Net assets		
Invested in capital assets	537,358	493,137
Unrestricted	305,498	278,324
Total net assets	\$ 842,856	\$ 771,461

Net assets of the Village's governmental activities increased to \$842,856 or by 9.3% from prior year

Net assets invested in capital assets account for approximately 64% of total net assets reported as of December 31, 2011

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

Changes in net assets The Village's total revenues increased during 2011 to \$322,448 representing an increase of 7.4% from 2010 (See Table A-2) Approximately 91 percent of the Village's revenue comes from charges for services and grants Intergovernmental revenues represent 8.8 percent, and most of the rest is interest income and miscellaneous revenue

The total cost of all programs and services \$251,053 The Village's expenses cover all services performed by its office

Governmental Activities

Revenues for the Village's governmental activities were \$71,395 more than total expenses for year end

- The cost of all governmental activities this year was \$251,053

Table A-2		
Changes in Village's Net Assets		
Governmental Activities		
	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 203,523	\$ 211,761
Grants	89,830	29,511
General revenues		
Intergovernmental	28,445	50,381
Miscellaneous	339	8,321
Interest	311	318
Total revenues	322,448	300,292
Expenses		
General government	78,928	99,802
Public safety	172,125	171,890
Streets	-	624
Total expenses	251,053	272,316
Increase in net assets	\$ 71,395	\$ 27,976

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a fund balance of \$305,498

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

General Fund Budgetary Highlights

- Over the course of the year, there was an amendment made to the general fund budget to increase revenues and expenditures. Revenues were increased by approximately \$51,600 to account for increase in grants and fines revenue. Expenditures increased by \$85,500 mainly attributed to the increase in capital expenditures and grants during the year.

CAPITAL ASSETS

At the end of 2011, the Village had invested approximately \$885,485 in a broad range of capital assets, including police equipment, vehicles, buildings, and land (See Table A-3)

Table A-3			
Village's Capital Assets			
Governmental Activities			
		2011	2010
Land		\$ 133,511	\$ 117,721
Building and improvements		441,645	356,964
Equipment		177,531	176,348
Vehicles		132,771	132,771
Less Accumulated Depreciation		(348,100)	(290,667)
Total		\$ 537,358	\$ 493,137

This year's major capital asset additions included

- The purchase of a geothermal heating and air condition unit costing \$64,829
- Other building improvements totaling approximately \$20,000
- Land improvements totaling \$15,790

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on fines for 36 percent of its revenues, grants are 28 percent and franchise fees represent 27 percent. The economy is not expected to generate any significant growth. Therefore, the Village's future revenues are expected to be consistent with the current years.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Toni Guitrau, P.O. Box 3, French Settlement, LA 70733.

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Governmental</u> <u>Activities</u>
<u>ASSETS</u>	
Cash	\$ 267,407
Receivables	46,608
Capital assets, net of accumulated depreciation	<u>537,358</u>
TOTAL ASSETS	<u>851,373</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 4,477
Salaries payable	2,914
Accrued expenses	<u>1,126</u>
TOTAL LIABILITIES	<u>8,517</u>
<u>NET ASSETS</u>	
Invested in capital assets	537,358
Unrestricted	<u>305,498</u>
TOTAL NET ASSETS	<u>\$ 842,856</u>

See accompanying notes and independent accountant's report

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants</u>	<u>Governmental Unit</u>
<u>FUNCTIONS/PROGRAMS</u>				
Governmental activities				
General governmental	\$ 251,053	\$ 203,523	\$ 89,830	\$ 42,300
Total governmental activities	<u>251,053</u>	<u>203,523</u>	<u>89,830</u>	<u>42,300</u>
General Revenues				
French Settlement Police Department				16,415
Occupational licenses				9,802
Permits				1,585
Beer tax				643
Interest				311
Miscellaneous				339
Total general revenues				<u>29,095</u>
Change in net assets				71,395
Net assets - January 1, 2011				<u>771,461</u>
Net assets - December 31, 2011				<u>\$ 842,856</u>

See accompanying notes and independent accountant's report

VILLAGE OF FRENCH SETTLEMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General Fund</u>
ASSETS	
Cash	\$ 267,407
Receivables	46,608
Total assets	<u>\$ 314,015</u>
LIABILITIES	
Accounts payable	\$ 4,477
Salaries payable	2,914
Accrued expenses	1,126
Total liabilities	<u>8,517</u>
FUND BALANCES	
Unassigned	<u>305,498</u>
Total liabilities and fund balances	<u>\$ 314,015</u>

See accompanying notes and independent accountant's report

VILLAGE OF FRENCH SETTLEMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total fund balances - Governmental Funds		\$ 305,498
Cost of capital assets at December 31, 2011	\$ 885,458	
Less accumulated depreciation as of December 31, 2011	<u>(348,100)</u>	<u>537,358</u>
Total net assets at December 31, 2011 - Governmental Activities		<u>\$ 842,856</u>

See accompanying notes and independent accountant's report

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>General</u>
REVENUE	
Fines	\$ 115,026
Franchise fees	88,497
French Settlement Police Department	16,415
Occupational licenses	9,802
Grants	89,830
Permits	1,585
Beer tax	643
Miscellaneous	339
Interest	311
	<u>322,448</u>
 EXPENDITURES	
General government	180,582
Public safety	114,692
Total expenditures	<u>295,274</u>
 Excess of revenues over expenditures	 27,174
 Fund Balance, Beginning of Year	 <u>278,324</u>
Fund Balance, End of Year	<u><u>\$ 305,498</u></u>

See accompanying notes and independent accountant's report

VILLAGE OF FRENCH SETTLEMENT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2011

Net change in fund balances - Governmental funds	\$ 27,174
The change in net assets reported for governmental activities in the statement of activities is different because	
Capital Outlay	101,654
Depreciation expense	<u>(57,433)</u>
Change in net assets of governmental activities	<u>\$ 71,395</u>

See accompanying notes and independent accountant's report

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Organization

The Village of French Settlement (Village) is the governing authority for French Settlement and is a political subdivision of the State of Louisiana. The Village is operated under a Mayor-Board of Alderman form of government. The Mayor, alderman and alderwomen serve four-year terms.

Louisiana Revised Statute 33:321 gives the Village various powers in regulating and directing affairs of the Village and its inhabitants. The more notable of these is the power to make regulations for its own government, to regulate the construction and maintenance of roads, bridges, and drainage systems, to regulate the sale of alcoholic beverages, and to provide for health and welfare of the poor, disadvantaged, and unemployed in the Village. Funding to accomplish these tasks is provided by fines, beer and alcoholic beverage permits, franchise taxes, and various other state and federal grants.

B Reporting Entity

As the governing authority of the incorporated limits of French Settlement, for reporting purposes, the Village of French Settlement is the financial reporting entity for French Settlement, Louisiana. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organization for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village 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 Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
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.

Based on the previous criteria, the Village has determined that there are no component units.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Government-Wide and Fund Financial Statements

Government-wide Statements The statement of net assets and the statement of activities display information about the Village of French Settlement. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements The fund financial statements provide information about the Village's funds. Separate statements for each fund category – *governmental* – are presented. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The Village reports the following major governmental funds:

- a General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

D Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements The government-wide financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental Fund Financial Statements Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related fund 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E Budget Practices

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

- 1) The Village's Mayor and Village Aldermen prepare a proposed budget message and budget prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3) A special meeting is held to conduct a public hearing is held to review and discuss on the proposed budget.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Village Aldermen.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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 of Louisiana.

G Capital Assets

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

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

Buildings	40 years
Improvements	15 years
Vehicles	5 years
Equipment	7 years

H Compensated Absences

The Village has no policy relating to vacation and sick leave.

I 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.

J Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or

Imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

J Restricted Net Assets (continued)

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

K Fund Equity of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below

Nonspendable- represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact

Restricted- represents balances where constraints have been established by parties outside the village or imposed by law through constitutional provisions or enabling legislation

Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the village's highest level of decision-making authority

Assigned- represents balances that are constrained by the village's intent to be used for specific purposes, but are neither restricted nor committed

Unassigned- represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the village reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the village reduces committed amounts first, followed by assigned amounts and then unassigned amounts

2 **CASH AND CASH EQUIVALENTS**

At December 31, 2011, the Village has cash and cash equivalents (book balances), as follows

Demand Deposits	\$ 113,287
Louisiana Assets Management Pool	<u>154,120</u>
Total	<u>\$ 267,407</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) 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. 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.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

2 CASH AND CASH EQUIVALENTS (continued)

Custodial Credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit for custodial credit risk. As of December 31, 2011, the Village's bank balance was not exposed to custodial credit risk.

At December 31, 2011, the Village has \$112,873 in deposits (collected bank balances). The \$112,873 consists of a non-interest bearing account. It is secured from risk by \$112,873 of federal deposit insurance. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc., (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, which operates a local government investment pool.

3 INVESTMENTS

At December 31, 2011, the Village had investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165, the investment of LAMP at December 31, 2011, is not categorized in the three categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc. A non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investments 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consist of no securities with a maturity in excess of 397 days. The LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Since all of the investments are considered less than 90 days, the investments are classified as cash equivalents on the balance sheet of the Village.

4 RECEIVABLES

At December 31, 2011, the receivables of \$46,608 represent grants and amounts due for franchise taxes totaling \$ 32,415 and \$14,193, respectively.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, are as follows
Governmental activities

	<u>Land</u>	<u>Building and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of Capital Assets December 31, 2010	\$117,721	\$ 356,964	\$ 176,348	\$ 132,771	\$ 783,804
Additions	15,790	84,681	1,183	-	101,654
Costs of Capital Assets, December 31, 2011	133,511	441,645	177,531	132,771	885,458
Accumulated depreciation December 31, 2010	-	93,781	112,261	84,625	290,667
Additions	-	18,267	17,853	21,313	57,433
Accumulated depreciation, December 31, 2011	-	112,048	130,114	105,932	348,100
Capital assets, net of accumulated depreciation at December 31, 2011	<u>\$133,511</u>	<u>\$ 329,597</u>	<u>\$ 47,417</u>	<u>\$ 26,833</u>	<u>\$ 537,358</u>

For the year ended December 31, 2011, depreciation expense was \$57,433

6 AMOUNTS PAID ELECTED OFFICIALS

	<u>Amount</u>
Tom Guitrau, Mayor	6,000
Edward P. Gorc, Sr., Alderman (1/1/11 – 2/9/11)	313
Danette Aydell, Alderwoman (2/9/11-12/31/11)	1,375
Teresa Miller, Alderwoman	1,688
Glen G. Newell, Alderman	1,688
Harry Brignac, Chief of Police	<u>31,406</u>
Total	<u>\$ 42,470</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

7 **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was May 8, 2012 and determined that there were no significant subsequent events that required disclosure in the financial statements

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

VILLAGE OF FRENCH SETTLEMENT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines	\$ 80,800	\$ 100,600	\$ 115,026	\$ 14,426
Franchise fees	90,500	87,900	88,497	597
French Settlement Police Department	18,750	16,501	16,415	(86)
Occupational licenses	11,400	9,800	9,802	2
Grants	12,500	57,400	89,830	32,430
Permits	1,500	1,500	1,585	85
Beer tax	600	600	643	43
Miscellaneous	6,500	2,050	339	(1,711)
Interest	2,500	300	311	11
	<u>225,050</u>	<u>276,651</u>	<u>322,448</u>	<u>45,797</u>
EXPENDITURES				
General government	113,468	189,230	180,582	8,648
Public safety	106,386	118,215	114,692	3,523
Streets	3,000	900	-	900
Total expenditures	<u>222,854</u>	<u>308,345</u>	<u>295,274</u>	<u>13,071</u>
Excess of revenues over (under) expenditures	2,196	(31,694)	27,174	58,868
Fund Balance, Beginning of year	<u>278,324</u>	<u>278,324</u>	<u>278,324</u>	-
Fund Balance, End of year	<u>\$ 280,520</u>	<u>\$ 246,630</u>	<u>\$ 305,498</u>	<u>\$ 58,868</u>

See accountant's report

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor, Toni Guitrau
And Members of the Board of Aldermen
Village of French Settlement, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of French Settlement, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of French Settlement, Louisiana's compliance with certain laws and regulations during the year ended December 31, 2011, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

- 1 Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38 2211-2296 (the public bid law) or R S 39 1551-39 1775 (the state procurement code), whichever is applicable.

Purchases were made in accordance with bid law.

Code of Ethics for Public Officials and Public Employees

- 2 Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42 1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

- 3 Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

- 4 Determine whether any of those employees included in the list obtained from management in agreed-upon procedures (3) were also included on the list obtained from management in agreed-upon procedures (2) as immediate family members

None of the employees included on the list of employees provided by management (agreed-upon procedure (3) appeared on the listed provided by management in agreed-upon procedure (2)

Budgeting

- 5 Obtain a copy of the legally adopted budget and all amendments

Management provided us with a copy of the original budget and amendments to the budget during the year

- 6 Trace the budget adoption and amendments to the minute book

We traced the adoption of the original budget to the minutes of a meeting held on December 10, 2010 which indicated that the budget had been adopted by the commissioners of Village of French Settlement. The amendment was adopted at the April 14, 2010 meeting

- 7 Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more

Actual revenues were more than budgeted amounts, but expenditures did not exceed budget amounts by more than 5%

Accounting and Reporting

- 8 Randomly select 6 disbursements made during the period under examination and

- (a) trace payments to supporting documentation as to proper amount and payee,

We examined supporting documentation for each of the six selected disbursements and found that payment was for proper amount and made to the correct payee

- (b) determine if payments were properly coded to the correct fund and general ledger account, and

All six of the payments were properly coded to the correct fund and general ledger account

- (c) determine whether payments received approval from proper authorities

Inspection of the documentation supporting each of the six selected disbursements indicated approval from the board of aldermen

Meeting

- 9 Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised by LSA-RS 42 1 through 42 12 (the open meetings law)

The Village properly complied with the requirements of the open meetings law

Debt

- 10 Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness

Inspection of all bank deposit slips for the period under examination showed that none of the deposits appear to be proceeds of bank loans, bonds, or like indebtedness

Advances and Bonuses

- 11 Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts

A reading of the minutes of the Village indicated no approval for the payments noted We noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of any opinion on management's assertion Accordingly, we do not express such an opinion Had we performed additional procedures, other matters might have come to our attention that would have been reported to you

This report is intended solely for the use of management of the Village of French Settlement, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes However, this report is a matter of public record and its distribution is not limited

Proffithurst & Mettewill

May 8, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE

Postlethwaite & Netterville, APAC
326 E Cornerview
Gonzales, LA 70737

In connection with the review of our financial statements as of December 31, 2011, and for the period then ended, and as required by Louisiana Revised Statute 24 513 and the Louisiana Governmental Audit Guide, we make the following representation to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to make these representations.

These representations are based on the information available to us, the Village of French Settlement, as of

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38 2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office

Yes (X) No () N/A ()

Code of Ethics for Public Officials and Public Employees

It is true that no employees have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42 1101-1124

Yes (X) No () N/A ()

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42 1119

Yes (X) No () N/A ()

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39 1301-14) or the budget requirements of LSA-RS 39 43

Yes (X) No () N/A ()

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44 1, 44 7, 44 31, and 44 36

Yes (X) No () N/A ()

We have filed our annual financial statements in accordance with LSA-RS 24 514, 33 463, and/or 39 92, as applicable

Yes (X) No () N/A ()

We have had our financial statements audited or compiled in accordance with LSA-RS 24 513

Yes (X) No () N/A ()

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42.1 through 42.12

Yes (X) No () N/A ()

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47.1410 60

Yes (X) No () N/A ()

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14 138, and AG opinion 79-729

Yes (X) No () N/A ()

We have disclosed to you all known noncompliance of the foregoing laws and regulations, we well as any contradictions to the foregoing representation. We have made available to you documentation relating to the foregoing laws and regulations

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report

<u>Toni Guitrau</u>	Mayor	<u>Toni Guitrau</u>
<u>Deborah Culler</u>	Treasurer	<u>Deborah Culler</u>
<u>Deborah Culler</u>	Town Clerk	<u>Deborah Culler</u>