

VILLAGE OF FOLSOM, LOUISIANA

Financial Statements with Supplementary Information

As of and for the Year Ended June 30, 2017

(With Independent Auditors' Report Thereon)

VILLAGE OF FOLSOM, LOUISIANA

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Independent Auditors' Report

To the Honorable Lance Willie
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 Village of Folsom, Louisiana (the Village) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, budgetary comparison information on pages 47 through 51, schedule of employer's share of net pension liability on page 52, schedule of employer's contributions on page 53, and notes to required supplementary information on page 54 be presented to supplement the basic financial statements. Such information, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Folsom, Louisiana's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to governing board and schedule of compensation, benefits, and other payments to agency head or chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2017, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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* in considering the Village's internal control over financial reporting and compliance.

Griffin & Furman, LLC

December 27, 2017

VILLAGE OF FOLSOM, LOUISIANA

Management's Discussion & Analysis

June 30, 2017

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, 2017. 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 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 Supplementary Information
5. Other Supplementary Information

1. Government-Wide Financial Statements

Government-wide financial statements are designed by Governmental Accounting Standards Board (GASB) Statement 34 to provide readers a concise "entity-wide" Statement of Net Position 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.

The Statement of Net Position 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 position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or 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:

VILLAGE OF FOLSOM, LOUISIANA

Management's Discussion & Analysis

June 30, 2017

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 position 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 \$3,766,778 (net position). The Village's net position is comprised of \$1,998,057 from governmental activities and \$1,768,721 from business-type activities as shown on the Statement of Net Position.

By far, the largest portion of the Village's net position 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 position 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 position.

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

Net Position June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2017	2016	2017	2016	2017	2016
Current & other assets	\$ 2,016,570	1,727,013	525,585	459,291	2,542,155	2,186,304
Capital assets	372,996	382,655	1,921,855	2,004,918	2,294,851	2,387,573
Total assets	<u>2,389,566</u>	<u>2,109,668</u>	<u>2,447,440</u>	<u>2,464,209</u>	<u>4,837,006</u>	<u>4,573,877</u>
Deferred outflows	<u>244,611</u>	<u>110,221</u>	<u>28,971</u>	<u>12,969</u>	<u>273,582</u>	<u>123,190</u>
Long-term liabilities	579,101	405,373	606,650	615,791	1,185,751	1,021,164
Other liabilities	32,309	27,528	94,524	85,665	126,833	113,193
Total liabilities	<u>611,410</u>	<u>432,901</u>	<u>701,174</u>	<u>701,456</u>	<u>1,312,584</u>	<u>1,134,357</u>
Deferred inflows	<u>24,710</u>	<u>32,499</u>	<u>6,516</u>	<u>8,709</u>	<u>31,226</u>	<u>41,208</u>
Net position						
Net investment in capital assets	372,996	382,655	1,348,089	1,413,722	1,721,085	1,796,377
Restricted	378,148	299,706	110,692	75,757	488,840	375,463
Unrestricted	<u>1,246,913</u>	<u>1,072,128</u>	<u>309,940</u>	<u>277,534</u>	<u>1,556,853</u>	<u>1,349,662</u>
Total net position	<u>\$ 1,998,057</u>	<u>1,754,489</u>	<u>1,768,721</u>	<u>1,767,013</u>	<u>3,766,778</u>	<u>3,521,502</u>

VILLAGE OF FOLSOM, LOUISIANA

Management's Discussion & Analysis

June 30, 2017

Governmental Activities

The governmental activities of the Village include General Government, Public Safety, and Public Works. Sales taxes, franchise taxes, occupational licenses and permits, 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 Governmental 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 Year Ended June 30,			
	2017	%	2016	%
Governmental Activity Expenses:				
General Government	\$ 286,124	42%	\$ 271,646	45%
Public Safety	329,906	48%	275,062	45%
Public Works	72,109	10%	60,189	10%
Total Governmental Activities	\$ 688,139	100%	\$ 606,897	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 Year Ended June 30,			
	2017	%	2016	%
General Revenues:				
Taxes	\$ 782,017	84%	\$ 720,704	84%
Insurance Licenses	69,930	8%	71,622	8%
Licenses and Permits	56,403	6%	55,622	7%
Other General Revenues	16,681	2%	33,914	4%
Fines and Forfeitures	12,263	1%	15,213	2%
Investment Earnings	2,320	0%	1,157	0%
Transfers	(7,907)	-1%	(41,085)	-5%
Total General Revenues and Transfers	\$ 931,707	100%	\$ 857,147	100%

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 certain services it provides. The Village's water, sewer and garbage departments are reported here.

	<u>Water</u>		<u>Sewer</u>		<u>Garbage</u>	
	For the Year Ended June 30,		For the Year Ended June 30,		For the Year Ended June 30,	
	2017	2016	2017	2016	2017	2016
Operating Revenues	\$ 195,134	190,087	125,369	79,997	43,580	43,887
Operating Expenses	170,663	156,395	152,352	140,234	39,135	38,145
Net Operating Income (Loss)	\$ 24,471	33,692	(26,983)	(60,237)	4,445	5,742

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Management's Discussion & Analysis

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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.

Governmental Funds

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 on pages 12 and 14 of this report.

The Village has three individual governmental funds at June 30, 2017. 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, Special Revenue Fund, and Streets and Drainage Fund, which are considered to be major funds. The basic governmental funds financial statements are presented on pages 11 through 14 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 \$1,984,261. In the General Fund, the assigned for public safety balance is \$15,195 and the unassigned fund balance is \$675,754. In the Special Revenue Fund, the assigned for public works fund balance is \$915,164. In the Streets and Drainage Fund, the restricted for public works fund balance is \$378,148.

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Management's Discussion & Analysis

June 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Streets and Drainage Fund</u>
Fund Balance at June 30, 2016	\$ 569,102	830,368	300,015
Fund Balance at June 30, 2017	<u>690,949</u>	<u>915,164</u>	<u>378,148</u>
Increase in Fund Balance	<u>\$ 121,847</u>	<u>84,796</u>	<u>78,133</u>

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.

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 on pages 15 through 18 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 19 through 46 of this report.

4. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is presented on pages 47 through 54 of this report.

5. Other Supplementary Information

The Schedule of Compensation Paid to Governing Board is presented on page 55 of this report. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented on page 56 of this report.

VILLAGE OF FOLSOM, LOUISIANA

Management's Discussion & Analysis

June 30, 2017

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$2,294,851 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, equipment, furniture, vehicles, water system and equipment, and sewer system and equipment. The total decrease in the Village's investment in capital assets was \$92,722. This was due primarily to the depreciation of the Village's assets.

	Capital Assets, Net of Accumulated Depreciation					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 270,000	270,000	14,350	14,350	284,350	284,350
Buildings & System	35,278	42,268	-	-	35,278	42,268
Machinery & Equipment	67,718	70,387	-	-	67,718	70,387
Water System & Equipment	-	-	940,453	992,527	940,453	992,527
Sewer System & Equipment	-	-	967,052	998,041	967,052	998,041
Total	\$ 372,996	382,655	1,921,855	2,004,918	2,294,851	2,387,573

Additional information on the Village's capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$573,766. This amount is comprised of bonds secured solely by specified revenue sources (i.e. revenue bonds).

	Business-Type Activities	
	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$ <u>573,766</u>	<u>591,196</u>

The Village's total debt decreased by \$17,430 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 Lance Willie, Mayor, 82378 June Street, Folsom, Louisiana 70437.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,326,260	332,918	1,659,178
Investments	226,546	4,424	230,970
Receivables, net			
Water, sewer and garbage	-	34,424	34,424
Sales taxes	59,448	-	59,448
Other	16,487	-	16,487
Internal balances	9,681	(9,681)	-
Restricted cash and cash equivalents	378,148	163,500	541,648
Capital assets, net	372,996	1,921,855	2,294,851
Total assets	2,389,566	2,447,440	4,837,006
Deferred Outflows of Resources			
Changes in net pension liability not yet recognized in pension expense	244,611	28,971	273,582
Liabilities			
Accounts payable	20,831	22,555	43,386
Accrued liabilities	11,478	908	12,386
Payable from restricted assets			
Customer deposits	-	52,808	52,808
Revenue bonds-due within one year	-	18,253	18,253
Revenue bonds payable - due in more than one year	-	555,513	555,513
Net pension liability	579,101	51,137	630,238
Total liabilities	611,410	701,174	1,312,584
Deferred Inflows of Resources			
Changes in net pension liability not yet recognized in pension expense	24,710	6,516	31,226
Net Position			
Net investment in capital assets	372,996	1,348,089	1,721,085
Restricted			
Debt service	-	110,692	110,692
Public works	378,148	-	378,148
Unrestricted	1,246,913	309,940	1,556,853
Total net position	\$ 1,998,057	1,768,721	3,766,778

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2017

Functions/Programs Primary Government	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities						
General government	\$ 286,124	-	-	(286,124)	-	(286,124)
Public safety	329,906	-	-	(329,906)	-	(329,906)
Public works	72,109	-	-	(72,109)	-	(72,109)
Total governmental activities	688,139	-	-	(688,139)	-	(688,139)
Business-type activities						
Water	170,663	198,343	14,548	-	42,228	42,228
Sewer	152,352	126,447	-	-	(25,905)	(25,905)
Garbage	39,135	43,580	-	-	4,445	4,445
Interest expense	27,201	-	-	-	(27,201)	(27,201)
Total business-type activities	389,351	368,370	14,548	-	(6,433)	(6,433)
Total	\$ 1,077,490	368,370	14,548	(688,139)	(6,433)	(694,572)
General revenues						
Taxes				\$ 782,017	-	782,017
Insurance licenses				69,930	-	69,930
Licenses and permits				56,403	-	56,403
Other general revenues				16,681	-	16,681
Fines and forfeitures				12,263	-	12,263
Investment earnings				2,320	234	2,554
Transfers				(7,907)	7,907	-
Total general revenues and transfers				931,707	8,141	939,848
Change in net position				243,568	1,708	245,276
Net position, beginning of year				1,754,489	1,767,013	3,521,502
Net position, end of year				\$ 1,998,057	1,768,721	3,766,778

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Special Revenue Fund	Streets & Drainage Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 647,435	668,969	9,856	-	1,326,260
Restricted cash and cash equivalents	-	-	378,148	-	378,148
Investments	27,364	199,182	-	-	226,546
Receivables, net	-	59,448	-	-	59,448
Sales taxes	16,487	-	-	-	16,487
Other	46,969	9,481	-	-	56,450
Due from other funds					
Total assets	738,255	937,080	388,004	-	2,063,339
Liabilities and fund balances					
Liabilities					
Accounts payable	19,434	1,022	375	-	20,831
Accrued liabilities	11,023	455	-	-	11,478
Due to other funds	16,849	20,439	9,481	-	46,769
Total liabilities	47,306	21,916	9,856	-	79,078
Fund balances					
Restricted for public works	-	-	378,148	-	378,148
Assigned for:					
Public works	-	915,164	-	-	915,164
Public safety	15,195	-	-	-	15,195
Unassigned	675,754	-	-	-	675,754
Total fund balances	690,949	915,164	378,148	-	1,984,261
Total liabilities and fund balances	\$ 738,255	937,080	388,004	-	2,063,339

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2017

Total fund balances for governmental funds at June 30, 2017	\$	1,984,261
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		372,996
Deferred outflows of contributions for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds		244,611
Long-term liabilities at June 30, 2017:		
Net pension liability		(579,101)
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds		<u>(24,710)</u>
Total net position of governmental activities at June 30, 2017	\$	<u><u>1,998,057</u></u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Streets & Drainage Fund	Total Governmental Funds
Revenues				
Taxes				
Sales taxes	\$ -	718,051	-	718,051
Franchise taxes	58,004	-	-	58,004
Other	5,962	-	-	5,962
Insurance licenses	69,930	-	-	69,930
Licenses and permits	56,403	-	-	56,403
Other revenues	4,424	-	-	4,424
Fines and forfeitures	12,263	-	-	12,263
Interest income	471	1,672	177	2,320
Total revenues	207,457	719,723	177	927,357
Expenditures				
Current				
General government	267,988	-	-	267,988
Public safety	294,913	-	-	294,913
Public works	-	59,468	12,263	71,731
Capital Outlay	-	-	7,949	7,949
Total expenditures	562,901	59,468	20,212	642,581
Excess (deficiency) of revenues over expenditures	(355,444)	660,255	(20,035)	284,776
Other financing sources (uses)				
Transfers in	479,505	-	98,561	578,066
Transfers out	(2,214)	(575,459)	(393)	(578,066)
Total other financing sources (uses)	477,291	(575,459)	98,168	-
Net change in fund balances	121,847	84,796	78,133	284,776
Fund balance, beginning of year	569,102	830,368	300,015	1,699,485
Fund balance, end of year	\$ 690,949	\$ 915,164	\$ 378,148	\$ 1,984,261

See accompanying notes to the 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, 2017

Net change in fund balances - total governmental funds	\$	284,776
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.		(9,660)
Pension expense is based on employer contributions in the Statement of Revenues, Expenditures, and Changes in Fund Balances but is an actuarially calculated expense on the Statement of Activities		<u>(31,548)</u>
Change in net position of governmental activities	\$	<u><u>243,568</u></u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Net Position - Proprietary Funds

June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 286,963	37,429	8,526	332,918
Investments	4,424	-	-	4,424
Receivables				
Water, sewer and garbage, net	<u>8,706</u>	<u>19,272</u>	<u>6,446</u>	<u>34,424</u>
Total current assets	<u>300,093</u>	<u>56,701</u>	<u>14,972</u>	<u>371,766</u>
Non-current assets				
Restricted cash and cash equivalents	119,810	43,690	-	163,500
Capital assets, net of accumulated depreciation	<u>954,803</u>	<u>967,052</u>	<u>-</u>	<u>1,921,855</u>
Total non-current assets	<u>1,074,613</u>	<u>1,010,742</u>	<u>-</u>	<u>2,085,355</u>
Total assets	<u>1,374,706</u>	<u>1,067,443</u>	<u>14,972</u>	<u>2,457,121</u>
Deferred outflows of resources				
Changes in net pension liability not yet recognized in pension expense	<u>13,183</u>	<u>15,788</u>	<u>-</u>	<u>28,971</u>
Liabilities				
Current liabilities				
Accounts payable	2,030	17,273	3,252	22,555
Accrued liabilities	485	423	-	908
Due to other funds	4,392	5,289	-	9,681
Payable from restricted assets				
Revenue bonds	13,535	4,718	-	18,253
Customer deposits	<u>25,452</u>	<u>27,356</u>	<u>-</u>	<u>52,808</u>
Total current liabilities	<u>45,894</u>	<u>55,059</u>	<u>3,252</u>	<u>104,205</u>
Non-current liabilities				
Revenue bonds payable	360,251	195,262	-	555,513
Net pension liability	<u>22,888</u>	<u>28,249</u>	<u>-</u>	<u>51,137</u>
Total non-current liabilities	<u>383,139</u>	<u>223,511</u>	<u>-</u>	<u>606,650</u>
Total liabilities	<u>429,033</u>	<u>278,570</u>	<u>3,252</u>	<u>710,855</u>
Deferred inflows of resources				
Changes in net pension liability not yet recognized in pension expense	<u>2,855</u>	<u>3,661</u>	<u>-</u>	<u>6,516</u>
Net position				
Net investment in capital assets	581,017	767,072	-	1,348,089
Restricted for revenue bonds	92,598	15,462	-	108,060
Unrestricted	<u>282,386</u>	<u>18,466</u>	<u>11,720</u>	<u>312,572</u>
Total net position	<u>\$ 956,001</u>	<u>801,000</u>	<u>11,720</u>	<u>1,768,721</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the Year Ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Operating Revenues				
Service fees	\$ 182,028	125,369	43,580	350,977
Delinquent fees	<u>13,106</u>	<u>-</u>	<u>-</u>	<u>13,106</u>
Total operating revenues	<u>195,134</u>	<u>125,369</u>	<u>43,580</u>	<u>364,083</u>
Operating expenses				
Salaries and fringe benefits	44,680	51,712	-	96,392
Depreciation	55,824	45,898	-	101,722
Garbage collection	-	-	39,135	39,135
General and administrative	51,470	27,999	-	79,469
Utilities	8,598	12,917	-	21,515
Repairs and maintenance	<u>10,091</u>	<u>13,826</u>	<u>-</u>	<u>23,917</u>
Total operating expenses	<u>170,663</u>	<u>152,352</u>	<u>39,135</u>	<u>362,150</u>
Operating income (loss)	<u>24,471</u>	<u>(26,983)</u>	<u>4,445</u>	<u>1,933</u>
Non-operating revenues (expenses)				
Capital grants	14,548	-	-	14,548
Interest income	196	38	-	234
Other income	3,209	1,078	-	4,287
Interest and fiscal charges	<u>(18,091)</u>	<u>(9,110)</u>	<u>-</u>	<u>(27,201)</u>
Total non-operating revenues(expenses)	<u>(138)</u>	<u>(7,994)</u>	<u>-</u>	<u>(8,132)</u>
Income (loss) before transfers	24,333	(34,977)	4,445	(6,199)
Transfers	<u>28,750</u>	<u>(12,006)</u>	<u>(8,837)</u>	<u>7,907</u>
Change in net position	53,083	(46,983)	(4,392)	1,708
Net position, beginning of year	<u>902,918</u>	<u>847,983</u>	<u>16,112</u>	<u>1,767,013</u>
Net position, end of year	<u>\$ 956,001</u>	<u>801,000</u>	<u>11,720</u>	<u>1,768,721</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customer and users	\$ 195,023	119,348	43,275	357,646
Payments to suppliers	(71,385)	(39,754)	(39,149)	(150,288)
Payments to employees	(45,804)	(51,265)	-	(97,069)
Net cash provided (used) by operating activities	<u>77,834</u>	<u>28,329</u>	<u>4,126</u>	<u>110,289</u>
Cash flows from non-capital financing activities				
Transfers	28,750	(12,006)	(8,837)	7,907
Net cash provided (used) by non-capital financing activities	<u>30,700</u>	<u>(9,566)</u>	<u>(8,837)</u>	<u>12,297</u>
Cash flows from capital and related financing activities				
Capital grants received	14,548	-	-	14,548
Purchase of capital assets	(3,750)	(14,909)	-	(18,659)
Principal paid on capital debt	(12,921)	(4,509)	-	(17,430)
Interest paid on capital debt	(18,091)	(10,275)	-	(28,366)
Other receipts	2,297	-	-	2,297
Net cash used in capital and related financing activities	<u>(17,917)</u>	<u>(29,693)</u>	<u>-</u>	<u>(47,610)</u>
Cash flows from investing activities				
Purchase of investments	(30)	-	-	(30)
Interest received	196	38	-	234
Net cash provided by investing activities	<u>166</u>	<u>38</u>	<u>-</u>	<u>204</u>
Net increase (decrease) in cash and cash equivalents	90,783	(10,892)	(4,711)	75,180
Cash and cash equivalents, beginning of year	<u>319,589</u>	<u>96,319</u>	<u>13,237</u>	<u>429,145</u>
Cash and cash equivalents, end of year	<u>\$ 410,372</u>	<u>85,427</u>	<u>8,526</u>	<u>504,325</u>
Cash and cash equivalents reconciliation				
Cash and cash equivalents (unrestricted)	\$ 286,963	37,429	8,526	332,918
Restricted cash and cash equivalents	119,810	43,690	-	163,500
Cash and cash equivalents, end of year	<u>\$ 406,773</u>	<u>81,119</u>	<u>8,526</u>	<u>496,418</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities				
Operating income (loss)	\$ 24,471	(26,983)	4,445	1,933
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	55,824	45,898	-	101,722
Pension expense	3,866	4,627	-	8,493
Pension contributions made subsequent to measurement date	(3,488)	(4,180)	-	(7,668)
Changes in assets and liabilities				
Decrease (increase) in accounts receivable	4,370	(7,446)	(305)	(3,381)
Increase (decrease) in accounts payable	(1,226)	14,988	(14)	13,748
Increase (decrease) in accrued liabilities	(1,502)	-	-	(1,502)
Increase (decrease) in customer deposits	<u>(4,481)</u>	<u>1,425</u>	<u>-</u>	<u>(3,056)</u>
Net cash provided (used) by operating activities	<u>\$ 77,834</u>	<u>28,329</u>	<u>4,126</u>	<u>110,289</u>
Supplementary disclosure of cash flow information				
Interest paid	<u>\$ 18,091</u>	<u>9,110</u>	<u>-</u>	<u>27,201</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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 guides set forth in *Louisiana Audit Guide*, and to the industry audit and accounting guide, *State and Local Governments*.

(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 Position 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 is 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.

Basis of Presentation

Fund Financial Statements

The Village has adopted Governmental Accounting Standard 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

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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, license 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 taxes 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.

Streets and Drainage Fund

The Streets and Drainage Fund is used to account for activity associated with an intergovernmental agreement entered into by the Village and St. Tammany Parish, Louisiana. This agreement restricts certain sales tax revenues collected within a defined growth management area for public works within that area.

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 Position. 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.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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 Basis 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.

Governmental funds 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 with the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village considered 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 services 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

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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.

The Village adopted a budget on a basis consistent with generally accepted accounting principles for the following funds: General Fund, Special Revenue Fund, and the Streets and Drainage 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:

Budgets and Budgetary Accounting

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. 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

For reporting purposes, cash and cash equivalents includes amounts in savings, demand deposits, time deposits, and certificates of deposit. 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. Further, the Village may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including negotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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.

Accounts Receivable

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular 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 \$5,129 for the Water Fund, \$4,257 for the Sewer Fund and \$1,179 for Garbage Fund at June 30, 2016.

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.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated for financial reporting purposes using the straight-line method over the following useful lives of the asset:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Building Improvements	15-40 Years
Water and Sewer Systems	40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	5-20 Years

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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 Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Fund Equity

Government-Wide Statements

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

1. *Net investment in capital assets* – Consists 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 position 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* – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The Village considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Village also considers assigned fund balances to be spent first when other unrestricted fund balance classifications are available for use.

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 Transaction

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.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

Use of Estimates

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

(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

As of June 30, 2017, the Village was not in compliance with the required funding of the Water Utility Bond Reserve Fund, the Water Utility Depreciation & Contingency Fund, and the Sewer Utility Bond Reserve Fund.

(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 \$2,200,826 (including \$541,648 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, 2017, the Village had \$2,203,648 in interest and non-interest bearing demand deposits. These deposits are fully secured from risk by federal deposit insurance and \$2,492,615 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

(4) Investments

Investments held at June 30, 2017, consist of \$230,970 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

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

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 money market-like investment pool. The following facts are relevant for money market-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.
- **Foreign currency risk:** Not applicable to money market-like pools.

The investments in LAMP are stated at a 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 LAMP administrative office at 800-249-5267.

(5) Utility Accounts Receivable

At June 30, 2017, the Village had the following utility receivable and corresponding allowance for doubtful accounts in its proprietary funds:

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>
Receivable	\$ 13,835	23,529	7,625
Allowance for Doubtful Accounts	<u>(5,129)</u>	<u>(4,257)</u>	<u>(1,179)</u>
Receivable, net	<u>\$ 8,706</u>	<u>19,272</u>	<u>6,446</u>

VILLAGE OF FOLSOM, LOUISIANA

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(6) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 270,000	-	-	270,000
Capital Assets Being Depreciated				
Buildings and Improvements	223,290	-	-	223,290
Equipment, Furniture and Vehicles	411,829	7,949	-	419,778
Total Capital Assets Being Depreciated	635,119	7,949	-	643,068
Less Accumulated Depreciation for:				
Buildings and Improvements	(181,022)	(6,990)	-	(188,102)
Equipment, Furniture and Vehicles	(341,442)	(10,618)	-	(352,060)
Total Accumulated Depreciation	(522,464)	(17,608)	-	(540,072)
Total Capital Assets Being Depreciated, Net	112,655	(9,659)	-	102,996
Total Governmental Activities	\$ 382,655	(9,659)	-	372,996
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 14,350	-	-	14,350
Capital Assets Being Depreciated				
Water System and Equipment	2,012,137	3,750	-	2,015,887
Sewer System and Equipment	1,442,920	14,909	-	1,457,829
Total Capital Assets Being Depreciated	3,455,057	18,659	-	3,743,716
Less Accumulated Depreciation for:				
Water System and Equipment	(1,019,610)	(55,824)	-	(1,075,434)
Sewer System and Equipment	(444,879)	(45,898)	-	(490,777)
Total Accumulated Depreciation	(1,464,489)	(101,722)	-	(1,566,211)
Total Capital Assets Being Depreciated, Net	1,990,568	(83,063)	-	1,907,505
Total Business-Type Activities	\$ 2,004,918	(83,063)	-	1,921,855

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

Depreciation was charged to programs as follows:

Governmental Activities

General Government	\$	7,613
Public Safety		467
Public Works		<u>9,528</u>
Total	\$	<u>17,608</u>

Business-Type Activities

Water	\$	55,824
Sewer		<u>45,898</u>
Total	\$	<u>101,722</u>

(7) Employee Pension Plan

Village employees are eligible to be members of one of the following retirement systems: Municipal Employees' Retirement System of Louisiana or Municipal Police Employees' Retirement System. In addition to employee payroll deductions, Village funds are remitted to the retirement systems and are recorded as expenditures.

Municipal Employees' Retirement System

Plan Description

The Village provides pension benefits for substantially all full-time employees through the Municipal Employees' Retirement System of Louisiana, Plan B. The retirement system is a cost-sharing, multiple-employer, statewide retirement system which is administered and controlled by a separate board of trustees. It provides retirement, disability, and survivor benefits to participating, eligible-employees. For the year ended June 30, 2016, there were 85 contributing municipalities in Plan A and 68 in Plan B.

Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by state statute. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement Benefits: Any member of Plan B who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:
 - a. Any age with thirty (30) years of creditable service.

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- b. Age 60 with a minimum of ten (10) or more years of creditable service.
- c. Any age with ten (10) years creditable service eligible for disability benefits.
- d. Survivor's benefits require five (5) years creditable service at death of member.

Any member of Plan B who was hired on or after January 1, 2013 can retire providing the member meets one of the following criteria:

- a. Age 67 with seven (7) or more years of creditable service
- b. Age 62 with ten (10) or more years of creditable service
- c. Age 55 with thirty (30) or more years of creditable service
- d. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specific amounts.

- 2. **Survivor Benefits:** Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.
 - a. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
 - b. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

- 3. **DROP Benefits:** In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance,

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are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for a least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

4. **Disability Benefits:** For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall not be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.
5. **Cost of Living Increases:** The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.
6. **Deferred Benefits:** Both plans for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions

Plan B members of the Municipal Employees' Retirement System are required by state statute to contribute 5% of their annual covered salary and the Village (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 9.5% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, 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.

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The employer contribution is additionally funded by the State of Louisiana through the annual legislative appropriation. The Village's employer contributions to Municipal Employees' Retirement System for the years ended June 30, 2017, 2016, and 2015, were \$19,515, \$14,886, and \$14,894, respectively, and were equal to the required contribution for each year. Revenue recognized for contributions funded by the State of Louisiana amounted to \$5,235 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Employer reported a liability of \$176,227 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Village's proportion of the Net Pension Liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Village's proportion was 0.212602%, which was an decrease of 0.011391% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized pension expense of \$31,714 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$10,023.

At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 896	1,861	549	685
Change in assumptions	5,390	-	3,391	-
Net difference between projected and actual earnings on pension plan investments	26,690	-	16,507	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	46	14,619	28	5,831
Employer contributions subsequent to measurement date	<u>11,019</u>	<u>-</u>	<u>8,496</u>	<u>-</u>
	<u>\$ 44,041</u>	<u>16,480</u>	<u>28,971</u>	<u>6,516</u>

Deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended:

June 30, 2017	\$	4,685
June 30, 2018	\$	6,437
June 30, 2019	\$	12,790
June 30, 2020	\$	6,576

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Village as of June 30, 2016 are as follows:

	<u>Plan B</u>
Total Pension Liability	\$ 480,677
Plan Fiduciary Net Position	<u>(304,450)</u>
Total Net Pension Liability	<u>\$ 176,227</u>

A summary of the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	4 years for Plan B
Investment Rate of Return	7.5%, net of investment expense
Projected Salary Increases	5.0% (2.875% inflation, 2.125 merit)
Mortality	RP-2000 Employee Table for Active Members (set back 2 years for males and females) RP-2000 Health Annuitant Table for health annuitants (set forward 2 years for males and 1 year for females) RP-2000 Disabled Lives Mortality Table for disabled annuitants (set back 5 years for males and 3 years for females)

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Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long - term expected rate of return on pension plan investments was determined using a building - block method in which best - estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long - term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long - term rate of return was 7.6% for the year ended June 30, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.6%
Public fixed income	35%	1.8%
Alternatives	15%	0.8%
Totals	<u>100%</u>	<u>5.2%</u>
Inflation		<u>2.5%</u>
Expected Arithmetic Nominal Return		<u>7.6%</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following present the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2016:

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	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate share of the net pension liability	\$ <u>227,973</u>	<u>176,227</u>	<u>132,078</u>

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$1,927, for the year ended June 30, 2016. Pension expense and remaining deferred outflow for the year ended June 30, 2016 was \$482 and \$1,445, respectively. Remaining deferred inflows recorded from prior years were \$2,546 with a pension benefit recorded in the amount of \$1,576.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$32,876, for the year ended June 30, 2016. Pension expense and remaining deferred outflow for the year ended June 30, 2016 was \$13,795 and \$47,961, respectively. Remaining deferred inflows resulting from this difference recorded in prior years was \$4,765 with a pension benefit being recorded in the amount of \$2,382 for the year ended June 30, 2016. The deferred outflow recorded in the current year was netted with the remaining deferred inflow recorded in the prior year which resulted in a deferred outflow being recorded in the amount of \$43,196 as of June 30, 2016.

Changes in Assumptions

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no changes in assumptions in the current year. Remaining deferred outflows from prior years were \$8,780 with pension expense being recorded in the amount of \$4,391.

Change in Proportion

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior

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measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions - Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Municipal Police Employees' Retirement System

Plan Description

The Village provides pension benefits for substantially all full-time employees through the Municipal Police Employees' Retirement System of Louisiana. The retirement system is a cost-sharing, multiple-employer plan which was created for full-time municipal police officers in Louisiana. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for

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the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% and 2 1/2%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25-55% of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives 10% of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a COLA until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter a deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed

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under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on the annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Employer Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2016, total contributions due for employers and employees were 39.5%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.5% and 10% respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.5% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guideline issued by the United States Department of Health and Human Services were 32% and 7.5%, respectively. The Village of Folsom's employer contributions to the Municipal Police Employees' Retirement System for the years ended 2017, 2016 and 2015 were \$45,370, \$39,948, and \$30,948, respectively, and were equal to the required contribution for each year.

Non-employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2016 and excluded from pension expense.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Employer reported a liability of \$454,010 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Village's proportion of the Net Pension Liability was based on the projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Village's proportion was 0.048439011%, which was a increase of 0.010758042% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized pension expense of \$80,775 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contribution of \$59.

At June 30, 2017 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	7,222
Changes in assumptions	22,075	28
Net difference between projected and actual earnings on pension plan investments	69,860	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,265	981
Employer contributions subsequent to measurement date	<u>45,370</u>	<u>-</u>
	<u>\$ 200,570</u>	<u>8,230</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:

June 30, 2017	\$ 41,694
June 30, 2018	\$ 40,089
June 30, 2019	\$ 47,530
June 30, 2020	\$ 17,657

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Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Village as of June 30, 2016 are as follows:

Total Pension Liability	\$ 1,336,985
Plan Fiduciary Net Position	<u>(882,975)</u>
Total Net Pension Liability	<u>\$ 454,010</u>

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.5% net of investment expense	
Expected Remaining Service Lives	2016 - 4 years 2015 - 4 years 2014 - 4 years	
Inflation Rate	2.875%	
Salary increases, including Inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Cost of Living Adjustments	The present value of future retirement benefits is	

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.69%
Fixed income	21%	0.49%
Alternatives	20%	1.11%
Other	6%	0.21%
Totals	<u>100%</u>	<u>5.50%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.25%</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following present the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate share of the net pension liability	\$ <u>605,234</u>	<u>454,010</u>	<u>327,043</u>

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$11,194 for the year ended June 30, 2016. Pension benefit and remaining deferred inflow for the year ended June 30, 2016 was \$3,972 and \$7,222, respectively.

Differences between Projected and Actual Investment Earnings

Difference between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred outflow of resources in the amount of \$81,517 for the year ended June 30, 2016. Pension expense and remaining deferred outflow for the year ended June 30, 2016 was \$11,657 and \$69,680, respectively.

Changes of Assumptions or Other Inputs

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a net deferred outflow of resources in the amount of \$33,057 for the year ended June 30, 2016. Pension expense and remaining deferred outflow of resources for the year ended June 30, 2016 was \$11,010 and \$22,047, respectively.

Change in Proportion

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

Contributions - Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of the employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement System Audit Report

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Estimates

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

(8) Insurance Coverage

<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Coverage</u>	
Commercial Property	1/1/2017 to 1/1/2018	Town Hall	\$ 493,208
		Water and Sewer	90,461
		Police Department	287,896
Fidelity Bond	12/15/2016 to 12/15/2017	Mayor	40,000
	12/15/2016 to 12/15/2017	Alderman & Mayor Pro Tem	40,000
	12/15/2016 to 12/15/2017	Municipal Clerk	65,000
	12/15/2016 to 12/15/2017	Utility Clerk	65,000
	12/15/2016 to 12/15/2017	Planning & Zoning Clerk	65,000
	12/15/2016 to 12/15/2017	Police Secretary	5,000
	7/1/2016 to 7/1/2017	Police Chief	5,000
Workers' Compensation	1/1/2017 to 1/1/2018	Policy Limit	Statutory
Automotive Liability	2/1/2017 to 2/1/2020		500,000
Commercial General Liability	2/1/2017 to 2/1/2020	Aggregate and Each	500,000
Law Enforcement Liability	2/1/2017 to 2/1/2020		500,000
Errors and Omissions	2/1/2017 to 2/1/2020		500,000

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

(9) Utility Rates

Water - Residential		
Up to 2,000 Gallons		\$ 10.00
Over 2,000 Gallons	Additional \$3.00 per Thousand	
Water - Commercial		
Up to 2,000 Gallons		\$ 20.00
Over 2,000 Gallons	Additional \$3.00 per Thousand	
Sewer - Residential		
Up to 2,000 Gallons		\$ 25.00
Over 2,000 Gallons	Additional \$4.00 per Thousand	
Sewer - Commercial		
Up to 2,000 Gallons		\$ 45.00
Over 2,000 Gallons	Additional \$6.00 per Thousand	
Sewer – Unmetered (No Water) - Residential	Fixed Rate of \$30.00	
Sewer – Unmetered (No Water) - Commercial	Fixed Rate of \$50.00	
Garbage	Fixed Rate of \$15.25	

At June 30, 2017, the Village served the following customers:

Water	589
Sewer	264
Garbage	242
Total	<u>1,095</u>

(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, 2017:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Bonds and Notes at July 1, 2016	\$ 386,707	204,489	591,196
Bonds Issued	-	-	-
Bond Retired	<u>(12,921)</u>	<u>(4,509)</u>	<u>(17,430)</u>
Bonds and Notes at June 30, 2017	<u>\$ 373,786</u>	<u>199,980</u>	<u>573,766</u>

\$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

\$ 373,786

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

\$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 through February 2044, secured by the revenues of the Sewer Fund

\$ 199,980

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

	<u>Water Revenue</u>		<u>Sewer Revenue</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	13,535	17,477	4,718	8,902	18,253	26,379
2019	14,192	16,820	4,935	8,685	19,127	25,505
2020	14,881	16,131	5,162	8,458	20,043	24,589
2021	15,603	15,409	5,399	8,221	21,002	23,630
2022	16,361	14,651	5,647	7,973	22,008	22,624
2023-2027	94,518	60,542	32,375	35,727	126,893	96,269
2028-2032	119,800	35,260	40,525	27,575	160,325	62,835
2033-2037	84,896	6,273	50,729	17,371	135,625	23,644
2038-2041	-	-	50,469	4,844	50,469	4,844
Total	<u>\$ 373,786</u>	<u>182,563</u>	<u>199,980</u>	<u>127,756</u>	<u>573,766</u>	<u>310,319</u>

(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, 2017 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 46,969	16,849
Special Revenue Fund	9,481	20,439
Streets & Drainage Fund	-	9,481
Enterprise		
Water	-	4,392
Sewer	-	5,289
	<u>\$ 56,450</u>	<u>56,450</u>

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

(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.

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ 479,505	2,214
Special Revenue Fund	-	575,459
Streets and Drainage Fund	98,561	393
Enterprise		
Water	25,151	-
Sewer	-	16,314
Garbage	-	8,837
	<u>\$ 603,217</u>	<u>603,217</u>

(13) Restricted Assets

Governmental Funds

The Village entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective April 1, 2013 for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for public works that benefit the areas within a specified growth management area located in Sales Tax District No. 3. As of June 30, 2017, \$378,148 was restricted under this agreement.

Proprietary Funds

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 requirements call for the establishment and maintenance of Utility Revenue Bond and Sinking Funds 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 into the Sewer Fund and \$129 into 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. As of June 30, 2017, the requirement had been met for the Water and Sewer Funds.

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 into the Sewer Fund and \$129 into the Water Fund are to be made with the regularly

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

June 30, 2017

designated fiscal agent of the Village. As of June 30, 2017, the requirement had been met for the Water Fund but had not been met for the Sewer Fund.

(14) Risk Management and Contingent Liabilities

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, 2017, the Village carried insurance through various commercial carriers to cover all risk 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.

The Village receives sales tax revenue from sales reported within the municipal boundaries and a growth management area of the Village. It is possible the tax collector could audit businesses that have reported sales within these areas and require sales tax proceeds previously received by the Village to be redistributed to other taxing jurisdictions. Because these amounts cannot be reasonably estimated, no liability has been established for these amounts.

(15) Evaluation of Subsequent Events

The Village has evaluated subsequent events through December 27, 2017, the date which the financial statements were available to be issued. On December 11, 2017, the Village passed an ordinance authorizing the issuance of \$1,761,000 of Sewer Revenue Bonds to make needed repairs and improvements to the Village's sewer system.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes				
Franchise taxes	\$ 53,300	57,700	58,004	304
Other	6,800	5,900	5,962	62
Insurance licenses	57,000	69,900	69,930	30
Licenses and permits	55,670	56,200	56,403	203
Other revenues	12,575	4,400	4,424	24
Fines and forfeitures	13,000	12,200	12,263	63
Interest income	264	300	471	171
Total revenues	<u>198,609</u>	<u>206,600</u>	<u>207,457</u>	<u>857</u>
Expenditures:				
Current				
General government	272,075	270,700	267,988	2,712
Public safety	314,885	296,000	294,913	1,087
Capital outlay	-	-	-	-
Total expenditures	<u>586,960</u>	<u>566,700</u>	<u>562,901</u>	<u>3,799</u>
Deficiency of revenues under expenditures	<u>(388,351)</u>	<u>(360,100)</u>	<u>(355,444)</u>	<u>4,656</u>
Other financing sources				
Operating transfers	<u>437,400</u>	<u>477,100</u>	<u>477,291</u>	<u>191</u>
Total other financing sources	<u>437,400</u>	<u>477,100</u>	<u>477,291</u>	<u>191</u>
Net change in fund balance	\$ <u>49,049</u>	<u>117,000</u>	<u>121,847</u>	<u>4,847</u>
Fund balance, beginning			<u>569,102</u>	
Fund balance, ending			<u>\$ 690,949</u>	

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
General government				
Salaries & wages	\$ 106,845	100,200	100,197	3
Overtime	1,100	400	307	93
Payroll tax expense	1,800	8,700	8,622	78
Employees pension plan	18,000	9,700	8,443	1,257
Employee benefits - hospital & life	24,610	18,500	18,454	46
Bank service charges	50	100	35	65
Building inspection fees	4,800	7,100	7,100	-
Dues & subscriptions	500	300	296	4
Gas allowance	300	900	823	77
Insurance	11,000	18,800	18,792	8
Professional - computer	7,500	7,100	7,060	40
Auditors	15,000	19,100	19,008	92
Legal fees	12,000	9,200	9,114	86
Accountant	14,000	23,800	23,752	48
Municode	6,000	3,800	3,760	40
Grantwriter	4,200	4,000	3,950	50
Office supplies	5,600	6,000	5,926	74
Community events	1,600	600	548	52
Payroll expenses	1,100	1,500	1,415	85
Publications	4,200	2,900	2,878	22
Repairs & maintenance	5,000	8,400	8,400	-
Xerox	2,400	2,300	2,244	56
Seminars / meetings	4,000	1,400	1,343	57
Supplies	436	400	380	20
Animal control	30	100	25	75
Telephone - wireless	3,372	3,300	3,230	70
Telephone - landline	3,852	2,100	2,011	89
Internet	780	1,200	1,183	17
Miscellaneous	-	100	24	76
Other expenses	-	2,100	2,089	11
Recycling	1,800	1,800	1,800	-
Utilities expense	5,200	4,800	4,779	21
Capital outlay	5,000	-	-	-
Total general government	\$ 272,075	270,700	267,988	2,712

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Public safety				
Salaries & wages	\$ 156,870	154,700	154,626	74
Overtime	1,600	1,800	1,724	76
Retirement expenses	53,000	47,200	47,115	85
Payroll taxes	11,000	4,400	4,421	(21)
Employee benefits - hospital & life	32,100	28,600	28,531	69
Equipment	2,000	2,200	2,200	-
Radio equipment	-	3,700	3,690	10
Fuel	8,000	4,400	4,330	70
LA law enforcement fees	800	700	668	32
DHH-TH/SCI T.F.	200	200	145	55
Florida Parishes Juvenile	300	300	290	10
C.M.I.S. fees	65	100	58	42
Crimestoppers	150	200	116	84
Insurance	2,600	2,300	2,290	10
Insurance - Liability & W/C	24,000	28,100	28,032	68
Telephone	6,500	5,100	5,028	72
Legal & professional	1,800	700	644	56
Repairs & maintenance	5,000	3,900	3,822	78
Office supplies	2,900	2,000	1,976	24
Supplies, equip. & uniforms	2,000	1,500	1,498	2
Payroll expenses	1,100	1,200	1,142	58
Utilities	2,600	2,300	2,236	64
Bank service charges	-	100	57	43
Training	300	300	274	26
Total public safety	\$ 314,885	296,000	294,913	1,087

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2017

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes				
Sales and use	\$ 672,000	717,200	718,051	851
Interest income	650	1,600	1,672	72
Total revenues	<u>672,650</u>	<u>718,800</u>	<u>719,723</u>	<u>923</u>
Expenditures:				
Public works				
Salaries & wages	30,030	25,500	28,402	(2,902)
Overtime	1,400	2,600	2,530	70
Payroll taxes	-	2,500	2,461	39
Employees pension plan	900	3,300	3,686	(386)
Employee benefits - hospital & life	8,132	7,100	7,046	54
Bank service charges	180	200	200	-
Property taxes	2,300	-	-	-
Insurance	4,200	3,400	4,350	(950)
Street lighting	12,000	10,800	10,793	7
Total expenditures	<u>59,142</u>	<u>55,400</u>	<u>59,468</u>	<u>(4,068)</u>
Excess of revenue over expenditures	<u>613,508</u>	<u>663,400</u>	<u>660,255</u>	<u>(3,145)</u>
Other financing uses				
Operating transfers	<u>(543,000)</u>	<u>(576,000)</u>	<u>(575,459)</u>	<u>541</u>
Total other financing sources	<u>(543,000)</u>	<u>(576,000)</u>	<u>(575,459)</u>	<u>541</u>
Net change in fund balance	<u>\$ 70,508</u>	<u>87,400</u>	84,796	<u>(2,604)</u>
Fund balance, beginning			<u>830,368</u>	
Fund balance, ending			<u>\$ 915,164</u>	

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - Streets and Drainage Fund

For the Year Ended June 30, 2017

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Interest income	\$ 150	100	177	77
Total revenues	<u>150</u>	<u>100</u>	<u>177</u>	<u>77</u>
Expenditures:				
Public works				-
Capital outlay	-	-	7,949	(7,949)
Repairs and maintenance	6,600	10,400	10,565	(165)
Supplies	250	9,500	1,595	7,905
Other	100	200	103	97
Total expenditures	<u>6,950</u>	<u>20,100</u>	<u>20,212</u>	<u>(112)</u>
Excess of revenue over expenditures	<u>(6,800)</u>	<u>(20,000)</u>	<u>(20,035)</u>	<u>(35)</u>
Other financing uses				
Operating transfers	<u>101,000</u>	<u>98,600</u>	<u>98,168</u>	<u>(432)</u>
Total other financing sources	<u>101,000</u>	<u>98,600</u>	<u>98,168</u>	<u>(432)</u>
Net change in fund balance	\$ <u>94,200</u>	<u>78,600</u>	78,133	<u>(467)</u>
Fund balance, beginning			<u>300,015</u>	
Fund balance, ending			\$ <u>378,148</u>	

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Employer's Share of Net Pension Liability

For the Year Ended June 30, 2017*

Schedule for Municipal Employees Retirement System:

	<u>2015*</u>	<u>2016</u>	<u>2017</u>
Employer's proportion of net pension liability	0.280161%	0.223993%	0.212602%
Employer's proportionate share of net pension liability	131,535	152,236	176,227
Employer's covered-employee payroll	188,329	156,695	156,150
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70%	97%	113%
Plan fiduciary net position as a percentage of the total pension liability	76.94%	68.71%	63.34%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule for Municipal Police Employees Retirement System:

	<u>2015*</u>	<u>2016</u>	<u>2017</u>
Employer's proportion of net pension liability	0.037933%	0.037681%	0.048439%
Employer's proportionate share of net pension liability	237,312	295,151	454,010
Employer's covered-employee payroll	98,318	99,905	135,416
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	241%	295%	335%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Employer's Contributions

For the Year Ended June 30, 2017

Municipal Employees' Retirement System:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	14,894	14,894	-	156,357	9.53%
2016	14,834	14,834	-	156,150	9.50%
2017	19,515	19,515	-	177,538	11.00%

Municipal Police Employees' Retirement System:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	30,921	30,948	(27)	99,905	30.98%
2016	39,948	39,948	-	135,416	29.50%
2017	45,370	45,370	-	142,898	31.75%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Required Supplementary Information

For the Year Ended June 30, 2017

Municipal Employees' Retirement System:

Changes in Benefit Terms:

There were no changes in benefit terms for the year ended June 30, 2016.

Changes in Assumptions:

There were no changes in assumptions for the year ended June 30, 2016.

Municipal Police Employees' Retirement System:

Changes in Benefit Terms:

There were no changes in benefit terms for the year ended June 30, 2016.

Changes in Assumptions:

There were no changes in assumptions for the year ended June 30, 2016.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Compensation Paid to Governing Board

For the Year Ended June 30, 2017

Governing Boardmember	Compensation
Lance Willie, Alderman 116 Keeneland Place #20 Folsom, LA 70437	\$ 5,450
Jill Mathies, Alderwoman 396 Village Farms Lane Folsom, LA 70437	5,450
Paulette Lee, Alderwoman 13165 Cleveland Street PO Box 535 Folsom, LA 70437	5,450
Bettye Boggs, Mayor 82378 June Street Folsom, LA 70437	<u>7,800</u>
Total	\$ <u><u>24,150</u></u>

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer

For the Year Ended June 30, 2017

Agency Head Name: Mayor Bettie Boggs

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 7,800
Benefits - Insurance	-
Benefits - Retirement	-
Benefits - Other	-
Car Allowance	-
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	33
Travel	632
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
	<hr/>
	\$ <u>8,465</u>

See independent auditors' report.

INDEPENDENT AUDITORS' 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 Bettye Boggs
and Members of the Board of Aldermen
Village of Folsom, Louisiana

We have audited, 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, 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 (the Village), as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Folsom, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for their purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency – 2017-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items 2017-2 and 2017-3.

Village of Folsom, Louisiana's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and management corrective action plan. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

December 27, 2017

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2017

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – Yes (2017-1)
 - b. Material Weaknesses – No
3. Compliance and Other Matters – Yes (2017-2 & 2017-3)
4. Management Letter - Yes

Finding 2017-1:

Criteria: Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition and Cause: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Village's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Finding 2017-2:

Criteria: Management is responsible for complying with laws and regulations.

Condition and Cause: During our review of pension contributions, we noted that for one month during the year contributions were not remitted to the retirement systems by the tenth day of the following month in accordance with Louisiana Revised Statute 11:1733(E). The contributions were remitted late due to the person normally performing this task being on medical leave.

Recommendation: We recommend the Village put procedures in place to ensure all retirement contributions are remitted within ten days of the end of each month.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2017

Finding 2017-3:

Criteria: Management is responsible for complying with bond resolutions.

Condition and Cause: The Sewer Bond Reserve Fund, Sewer Bond Depreciation & Contingency Fund, and the Water Bond Reserve Fund were not adequately funded at June 30, 2017 in accordance with the bond resolutions. The underfunding amounted to \$1,333, \$266, and \$679, respectively. This was caused by the Village not making the required monthly transfers during the year.

Recommendation: We recommend the Village transfer funds to these funds as soon as possible and put procedures in place that ensure the funding is compliant with the bond resolution in the future.

VILLAGE OF FOLSOM, LOUISIANA

Status of Prior Audit Findings

For the Year Ended June 30, 2017

Finding 2016-1:

Condition and Cause: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Village's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Status: Unresolved – see comment 2017-1.

Finding 2016-2:

Criteria: Management is responsible for complying with laws and regulations.

Condition and Cause: The 2015-2016 budget was not properly adopted by Ordinance in accordance with Louisiana Revised Statute 33:406(A)(3). Instead, the budget was adopted by resolution.

Recommendation: We recommend all future budgets be adopted by Ordinance. We also recommend, subject to limitation, the Ordinance adopting the budget authorize the Mayor to transfer amounts between line items of expenditures within a function or department.

Status: Resolved.

Finding 2016-3:

Criteria: Management is responsible for complying with laws and regulations.

Condition and Cause: During our review of pension contributions, we noted that several months of contributions were not remitted to the retirement system by the tenth day of the following month in accordance with Louisiana Revised Statute 11:1733(E). The contributions were remitted late due to an oversight by management.

Recommendation: We recommend the Village put procedures in place to ensure all retirement contributions are remitted within ten days of the end of each month.

VILLAGE OF FOLSOM, LOUISIANA

Status of Prior Audit Findings

For the Year Ended June 30, 2017

Status: Unresolved – see comment 2017-2.

Finding 2016-4:

Criteria: Management is responsible for complying with bond resolutions.

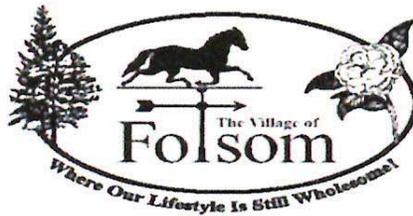
Condition and Cause: The Bond Reserve Fund for the Sewer Bonds was not adequately funded at June 30, 2016 in accordance with the bond resolutions. The underfunding amounted to \$627. This was caused by the Village overfunding this account in prior years and management was not aware that the overfunding had run out.

Recommendation: We recommend the Village transfer funds to the Sewer Bond Reserve Fund as soon as possible and put procedures in place that ensure the funding is compliant with the bond resolution in the future.

Status: Unresolved – see comment 2017-3.

Village of Folsom
Mayor– Lance Willie

Alderman – Paulette Lee
Alderman - Jill Mathies
Alderman – George Garrett



Andree Core - Municipal Clerk
Ronnie "Beau" Killingsworth - Chief of Police

December 27, 2017

Louisiana Legislative Auditor
Baton Rouge, Louisiana

Below is the corrective action plan for the Village of Folsom regarding audit findings and management letter comments for the audit period ending June 30, 2017:

Audit Findings:

Finding 2017-1:

Management's Corrective Action: In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Village's annual financial reports. We therefore agree with the auditors' recommendation that no corrective action is necessary.

Finding 2017-2:

Management's Corrective Action: The Village will put in place procedures to ensure all retirement contributions are remitted within ten days of the end of the month by cross training another authorized individual so that when one employee is out of the office the process of meeting such compliance due dates can take place.

Finding 2017-3:

Management's Corrective Action: The Village has since put in place procedures to ensure bond funds are compliant with the bond resolutions in the future. Specifically, the Village has since transferred funds necessary to bring fund balances to required levels and has begun making monthly transfers as required by the bond resolutions.

Management Letter Comments:

2017-1 Utility Customer Deposits

Management's Corrective Action: The Village will have the CPA review the deposit listings per the utility system and propose any adjustments necessary to bring the general ledger into balance with those deposit listings.

2017-2 Utility Customer Deposits Cash Account

Management's Corrective Action: The Village has transferred the excess cash balances in the customer deposit accounts to the operating accounts.

2017-3 Utility Accounts Receivable

Management's Corrective Action: The Village will review controls in this area and ensure an appropriate person is assigned responsibility for monitoring old accounts receivable balances as well as ensuring payments are received each month in situations where customer payment plans have been implemented.

Respectfully,

A handwritten signature in blue ink, appearing to read "Lance Willie", written over a horizontal line.

Mayor Lance Willie

An Equal Opportunity Employer

82378 June Street, Folsom, LA 70437

(985) 796-5607 Office / (985) 796-5017 Fax

To the Honorable Lance Willie
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 Village of Folsom, Louisiana (the Village) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 27, 2017. In planning and performing our audit of the financial statements of the Village, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. A separate report dated December 27, 2017, contains our report on significant deficiencies in the Village's internal control. This letter does not affect our report dated December 27, 2017, on the financial statements of the Village. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

2017-1 Utility Customer Deposits

Observation: During our review of utility customer deposits, we noted that the balance per the ledger was \$3,487 less than the customer deposit report per the utility system. We also noted that the allocation of customer deposits between the water and sewer funds did not appear to be accurate.

Recommendation: We recommend management adjust the ledger to be equal to the customer deposits per the utility system, review the allocation of customer deposits between the water and sewer funds, and put procedures in place that reconciles the deposits per the ledger and the utility system monthly.

2017-2 Utility Customer Deposits Cash Account

Observation: During our review of the utility customer deposit cash account, we noted that the balance in this cash account was approximately \$26,000 more than the customer deposit liabilities.

Recommendation: We recommend the excess cash be transferred to the water and sewer operating cash accounts and procedures be put in place that reconciles the cash balance to the deposits per the ledger and utility system monthly.

2017-3 Utility Accounts Receivable

Observation: During our review of the utility customer accounts receivable, it appeared that the accounts receivable aging and detail reports were not being closely monitored. There are several old receivable balances for which the customer was still receiving services. In one instance, one customer had entered into a payment agreement however received services for over seven months without making a payment in accordance with the agreement.

Recommendation: We recommend management review its monitoring process to ensure past due receivables are being closely monitored.

Status of Prior Year Comments:

2016-1 Pension Contributions

Observation: During our review of pension contributions, we noted that while pension contributions had been allocated to the water fund during the year, for approximately five months the entry was posted backwards thus misstating the pension contributions in the water fund. We also noted that no pension expense was being allocated to the sewer fund and instead these contributions were reported in the general fund.

Recommendation: We recommend management allocate pension contributions in the same method as payroll expenses.

Status: Resolved.

2016-2 Bank Reconciliations

Observation: During our review of the Village's bank reconciliations, we noted six accounts with reconciling items over 90 days old. This included 14 checks totaling approximately \$8,000 and 10 deposits totaling approximately \$2,500.

Recommendation: We recommend management review reconciling items each month to ensure there are no items included in error (i.e. items that have been recorded twice).

Status: Resolved.

2016-3 Sales Tax Renewal - Police

Observation: The renewal of the 1995 ½% Sales Tax dedicated to providing police protection to the Village was inadvertently left off the October 2015 ballot requiring a special election to be held on November 21, 2015 to renew the tax. As a result, the Police Department did not receive needed tax revenues for November 2015 through January 2016.

Recommendation: We recommend management put procedures in place that will ensure any sales tax renewal dates are communicated to the Board and the Village's attorney well in advance of the renewal date.

Status: Resolved.

2016-4 Fidelity Bond Coverage

Observation: During our review of insurance coverages, we noted that the Village does not provide fidelity bond coverage for several employees who handle financial transactions.

Recommendation: We recommend management review and update the fidelity bond coverage to ensure all employees handling financial transactions are bonded.

Status: Resolved.

2016-5 Utility Customer Deposits

Observation: During our review of utility customer deposits, we noted that the balance per the ledger was \$2,106 less than the customer deposit report per the utility system. We also noted that the allocation of customer deposits between the water and sewer funds did not appear to be accurate.

Recommendation: We recommend management adjust the ledger to be equal to the customer deposits per the utility system, review the allocation of customer deposits between the water and sewer funds, and put procedures in place that reconciles the deposits per the ledger and the utility system monthly.

Status: Unresolved – see comment 2017-1

2016-6 Utility Customer Deposits Cash Account

Observation: During our review of the utility customer deposit cash account, we noted that the balance in this cash account was approximately \$17,000 more than the customer deposit liabilities.

Recommendation: We recommend the excess cash be transferred to the water and sewer operating cash accounts and procedures be put in place that reconciles the cash balance to the deposits per the ledger and utility system monthly.

Status: Unresolved – see comment 2017-2

We would be pleased to discuss these comments and recommendations with you at any time.

The Village's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

This report is intended solely for the information and use of the Mayor, members of the Board of Aldermen, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Griffin & Furman, LLC

December 27, 2017

VILLAGE OF FOLSOM, LOUISIANA

**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

June 30, 2017

To the Honorable Lance Willie and
Members of the Board of Aldermen
Village of Folsom, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Village of Folsom, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Village of Folsom and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Village of Folsom's compliance with certain laws and regulations during the period from July 1, 2016 to June 30, 2017, in accordance with Act 774 of 2014 Regular Legislative Session.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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.

Utility Payments

1. Obtain and review the entity's written policies and procedures for utility payment collections and determine if the following is addressed:
 - Procedures for cash drawer shortages
 - Account write-off procedures
 - Timely payment deposit requirements
 - Use of separate cash drawers
 - Requirement of surprise Audits of cash receipts

The Village's written policies and procedures for utility payment collection did not address the following items:

- Procedures for cash drawer shortages
- Account write-off procedures
- Timely payment deposit requirements
- Use of separate cash drawers
- Requirement of surprise Audits of cash receipts

Corrective Action:

Procedure for cash drawer shortages – This procedure is included in the Counting of Bank and Night Handling of Cash policy. No further action considered necessary.

Account write-off procedures – The Village of Folsom will develop an Account Write-off Procedure to state the current practice that has been followed by the CPA and Utility Clerk.

Timely payment deposit requirements – The Village of Folsom has a Utility Bank Deposit Policy and will amend it to state how often and at what threshold deposits will be made.

Use of separate cash drawers – This procedure is included in the Counting of Bank and Night Handling of Cash policy. No further action considered necessary.

Requirement of surprise Audits of cash receipts – The Village of Folsom will develop a policy and procedure for the surprise audit of cash receipts.

2. Obtain a listing of utility collection locations and management’s representation that the listing is complete. **For each collection location:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile utility collections to the general ledger and subsidiary ledgers by a person who is not responsible for collections in the collection location.
 - c) For each utility collection location, randomly select one business day from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace utility collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that utility collections are completely supported by documentation and report any exceptions.
 - Using subsidiary utility account postings and/or reconciliations, identify any adjustments or write-offs to utility accounts (i.e. any customer account postings that are not supported by actual collections). Obtain supporting documentation for these adjustments/write-offs and report whether the adjustments or write-offs were performed in accordance with written policies and procedures and by someone independent of the collection and deposit process.

All employees are bonded. Utility deposits are reconciled by a third party CPA. We reviewed utility payments received on June 30, 2017 (Friday) and traced to deposit in bank on July 3, 2017 (Monday) without exception. Deposit was made within one business day. We did not identify any adjustments or write offs.

Corrective Action:

There is no further action considered necessary.

Capital Assets

1. Obtain and review the entity's written policies and procedures for capital assets and determine if they address the process for tagging assets, performing an annual inventory, and disposing of assets.

The Village does not have written policies and procedures for capital assets.

Corrective Action:

The Village of Folsom will develop a written policies and procedures for capital assets.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. 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 Folsom, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Furman, LLC

December 22, 2017