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GRIFFIN & FURMAN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

January 22, 2016

Ms. Suzanne Elliott
Louisiana Legislative Auditor
Baton Rouge, Louisiana

Re: Revised Report for Village of Folsom for the Year Ending June 30, 2015

Dear Ms. Elliott:

This letter accompanies the submission of a revised report for the Village of Folsom, Louisiana for the year ending June 30, 2015. Subsequent to the original submission of the report, it was determined that some addresses for governing board members on the Schedule of Compensation Paid to Governing Board (page 53) were incorrect. The Village has revised these addresses on that schedule in the revised report. This is the only information that is being revised.

If you have any questions or need further clarification, please just let us know.

Sincerely,

Robert J. Furman, CPA
Griffin & Furman, LLC

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REISSUE

VILLAGE OF FOLSOM, LOUISIANA

Financial Statements with Supplementary Information

As of and for the Year Ended June 30, 2015

(With Independent Auditors' Report Thereon)

VILLAGE OF FOLSOM, LOUISIANA

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GRIFFIN & FURMAN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

Independent Auditors' Report

To the Honorable Bettye Boggs
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, 2015, 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. 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, 2015, 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.

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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 45 through 49, schedule of employer's share of net pension liability on page 50, schedule of employer's contributions on page 51, and notes to required supplementary information on page 52 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 supplemental 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 supplemental 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 30, 2015, 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

Mandeville, Louisiana
December 30, 2015

VILLAGE OF FOLSOM, LOUISIANA

Management's Discussion & Analysis

June 30, 2015

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, 2015. 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.

<u>Overview of the Financial Statements</u>

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

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

1. <u>Government-Wide Financial Statements</u>

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).

1. Government-Wide Financial Statements

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

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

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

Government-Wide Financial Analysis

As noted earlier, net 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 $3,241,870 (net position). The Village's net position is comprised of $1,504,239 from governmental activities and $1,737,631 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.

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.

1. Government-Wide Financial Statements

	For the Year Ended June 30, 2015	%	2014	%
Governmental Activity Expenses:				
General Government	$ 263,050	42%	$ 276,859	42%
Public Safety	264,532	42%	280,399	42%
Public Works	99,100	16%	106,812	16%
Interest on Debt	-	0%	2,398	0%
Total Governmental Activities	$ 626,682	100%	$ 666,468	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, 2015	%	2014	%
General Revenues:				
Taxes	$ 739,882	87%	$ 670,193	85%
Insurance Licenses	74,880	9%	77,611	10%
Licenses and Permits	54,388	6%	48,036	6%
Other General Revenues	6,786	1%	17,747	2%
Fines and Forfeitures	19,144	2%	13,119	2%
Investment Earnings	573	0%	494	0%
Transfers	(40,644)	-5%	(36,058)	-5%
Total General Revenues and Transfers	$ 855,009	100%	$ 791,142	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.

	Water For the Year Ended June 30,		Sewer For the Year Ended June 30,		Garbage For the Year Ended June 30,	
	2015	2014	2015	2014	2015	2014
Operating Revenues	$ 146,993	141,198	75,450	77,613	42,669	40,684
Operating Expenses	136,400	151,023	107,223	112,666	38,806	38,518
Net Operating Income (Loss)	$ 10,593	(9,825)	(31,773)	(35,053)	3,863	(2,166)

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 11 and 13 of this report.

The Village has five individual governmental funds at June 30, 2015. 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. Data from the Debt Service Fund and Capital Project Fund is presented separately as non-major governmental 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 $1,456,707. In the General Fund, the unassigned fund balance is $451,124. In the Special Revenue Fund, the assigned for public works fund balance is $719,874. In the Streets and Drainage Fund, the assigned for public works fund balance is $47 and the restricted for public works fund balance is $256,484.

2. Fund Financial Statements

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

		General Fund	Special Revenue Fund	Streets and Drainage Fund
Fund Balance at June 30, 2014	$	351,652	840,416	-
Fund Balance at June 30, 2015		451,124	719,874	256,531
Increase (decrease) in Fund Balance	$	99,472	(120,542)	256,531

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 44 of this report.

4. Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is presented on pages 45 through 52 of this report.

5. Other Supplemental Information

The Schedule of Governing Board is presented on page 53 of this report. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented on page 54 of this report. The combining statements of the non-major governmental funds have been presented on pages 55 through 56 of this report.

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to $2,437,602 (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 $102,212. This was due primarily to the depreciation of the Village's assets.

	Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 270,000	270,000	14,350	14,350	284,350	284,350
Buildings & System	50,142	60,870	-	-	50,142	60,870
Machinery & Equipment	78,915	88,727	-	-	78,915	88,727
Water System & Equipment	-	-	1,027,603	1,079,662	1,027,603	1,079,662
Sewer System & Equipment	-	-	996,952	1,026,205	996,952	1,026,205
Total	$ 399,057	419,597	2,038,545	2,120,217	2,437,602	2,539,814

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 $607,449. This amount is comprised of bonds secured solely by specified revenue sources (i.e. revenue bonds).

	Business-Type Activities	
	2015	2014
Revenue Bonds	$ 607,449	623,101

The Village's total debt decreased by $15,652 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 Bettye Boggs, Mayor, 82378 June Street, Folsom, Louisiana 70437.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Net Position

June 30, 2015

		Governmental Activities	Business-Type Activities	Total
Assets				
Cash and cash equivalents	$	923,644	226,836	1,150,480
Investments		224,481	4,384	228,865
Receivables, net				
Water, sewer and garbage		-	29,456	29,456
Sales taxes		58,862	-	58,862
Other		30,106	-	30,106
Internal balances		10,007	(10,007)	-
Restricted cash and cash equivalents		256,484	176,455	432,939
Capital assets, net		399,057	2,038,546	2,437,603
Total assets		1,902,641	2,465,670	4,368,311
Deferred Outflows of Resources				
Changes in net pension liability not yet recognized in pension expense		54,830	1,239	56,069
Liabilities				
Accounts payable		23,360	16,180	39,540
Accrued liabilities		23,517	6,100	29,617
Payable from restricted assets				
Customer deposits		-	60,725	60,725
Revenue bonds-due within one year		-	16,624	16,624
Revenue bonds payable - due in more than one year		-	590,825	590,825
Net pension liability		334,785	34,062	368,847
Total liabilities		381,662	724,516	1,106,178
Deferred Inflows of Resources				
Changes in net pension liability not yet recognized in pension expense		71,570	4,762	76,332
Net Position				
Invested in capital assets, net of related debt		399,057	1,431,097	1,830,154
Restricted				
Debt service		-	113,098	113,098
Public works		256,484	-	256,484
Unrestricted		848,698	193,436	1,042,134
Total net position	$	1,504,239	1,737,631	3,241,870

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs Primary Government		Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants		Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Total
Governmental activities								
General government	$	265,006	-	1,956		(263,050)	-	(263,050)
Public safety		264,532	-	-		(264,532)	-	(264,532)
Public works		103,100	-	4,000		(99,100)	-	(99,100)
Total governmental activities		632,638	-	5,956		(626,682)	-	(626,682)
Business-type activities								
Water		136,398	146,993	-		-	10,595	10,595
Sewer		107,224	75,450	1,341		-	(30,433)	(30,433)
Garbage		38,806	42,668	-		-	3,862	3,862
Interest expense		29,863	-	-		-	(29,863)	(29,863)
Total business-type activities		312,291	265,111	1,341		-	(45,839)	(45,839)
Total	$	944,929	265,111	7,297		(626,682)	(45,839)	(672,521)
General revenues								
Taxes					$	739,882	-	739,882
Insurance licenses						74,880	-	74,880
Licenses and permits						54,388	-	54,388
Other general revenues						6,786	-	6,786
Fines and forfeitures						19,144	-	19,144
Investment earnings						573	163	736
Transfers						(40,644)	40,644	-
Total general revenues and transfers						855,009	40,807	895,816
Change in net position						228,327	(5,032)	223,295
Net position, beginning of year						1,628,215	1,777,756	3,405,971
Prior period adjustment - to record net pension liability and deferred outflows related to pensions						(352,303)	(35,093)	(387,396)
Net position, beginning of year, as restated						1,275,912	1,742,663	3,018,575
Net position, end of year					$	1,504,239	1,737,631	3,241,870

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Balance Sheet - Governmental Funds

June 30, 2015

		General Fund	Special Revenue Fund	Streets & Drainage Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$	423,159	471,129	178	29,178	923,644
Restricted cash and cash equivalents		-	-	256,484	-	256,484
Investments		27,114	197,367	-	-	224,481
Receivables, net						
Sales taxes		-	58,862	-	-	58,862
Other		30,106	-	-	-	30,106
Due from other funds		42,256	6,231	-	-	48,487
Total assets		522,635	733,589	256,662	29,178	1,542,064
Liabilities and fund balances						
Liabilities						
Accounts payable		20,785	2,444	131	-	23,360
Accrued liabilities		21,200	2,317	-	-	23,517
Due to other funds		29,526	8,954	-	-	38,480
Total liabilities		71,511	13,715	131	-	85,357
Fund balances						
Restricted for public works		-	-	256,484	-	256,484
Assigned for:						
Public works		-	719,874	47	-	719,921
Public safety		-	-	-	-	-
Debt service		-	-	-	15,435	15,435
Capital projects		-	-	-	13,743	13,743
Unassigned		451,124	-	-	-	451,124
Total fund balances		451,124	719,874	256,531	29,178	1,456,707
Total liabilities and fund balances	$	522,635	733,589	256,662	29,178	1,542,064

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, 2015

Total fund balances for governmental funds at June 30, 2015	$	1,456,707
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		399,057
Deferred outflows of contributions for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds		54,830
Long-term liabilities at June 30, 2015:		
Net pension liability		(334,785)
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds		(71,570)
Total net position of governmental activities at June 30, 2015	$	1,504,239

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, 2015

	General Fund	Special Revenue Fund	Streets & Drainage Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Sales taxes	$ -	679,777	-	-	679,777
Franchise taxes	52,770	-	-	-	52,770
Other	7,335	-	-	-	7,335
Insurance licenses	74,880	-	-	-	74,880
Licenses and permits	54,388	-	-	-	54,388
Grant revenues	1,956	-	4,000	-	5,956
Other revenues	6,786	-	-	-	6,786
Fines and forfeitures	19,144	-	-	-	19,144
Interest income	167	292	106	8	573
Total revenues	217,426	680,069	4,106	8	901,609
Expenditures					
Current					
General government	252,054	-	-	-	252,054
Public safety	268,437	-	-	-	268,437
Public works	-	100,605	4,399	-	105,004
Total expenditures	520,491	100,605	4,399	-	625,495
Excess (deficiency) of revenues over expenditures	(303,065)	579,464	(293)	8	276,114
Other financing sources (uses)					
Transfers in	443,434		284,539	-	727,973
Transfers out	(40,897)	(700,006)	(27,715)	-	(768,618)
Total other financing sources (uses)	402,537	(700,006)	256,824	-	(40,645)
Net change in fund balances	99,472	(120,542)	256,531	8	235,469
Fund balance, beginning of year	351,652	840,416	-	29,170	1,221,238
Fund balance, end of year	$ 451,124	719,874	256,531	29,178	1,456,707

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, 2015

Net change in fund balances - total governmental funds	$	235,469
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.		(20,540)
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		778
Payment of compensated absences is reported as an expenditure in the governmental funds when actually paid. However, on the government-wide Statement of Activities, compensated absences are expensed as they are accrued. This is the amount of change in the compensated absences liability.		12,620
Change in net position of governmental activities	$	228,327

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Net Position - Proprietary Funds

June 30, 2015

		Water	Sewer	Garbage	Total
Assets					
Current assets					
Cash and cash equivalents	$	127,593	87,179	12,064	226,836
Investments		4,384	-	-	4,384
Receivables					
Water, sewer and garbage, net		17,360	7,749	4,347	29,456
Total current assets		149,337	94,928	16,411	260,676
Non-current assets					
Restricted cash and cash equivalents		134,861	41,594	-	176,455
Capital assets, net of accumulated depreciation		1,041,953	996,593	-	2,038,546
Total non-current assets		1,176,814	1,038,187	-	2,215,001
Total assets		1,326,151	1,133,115	16,411	2,475,677
Deferred outflows of resources					
Changes in net pension liability not yet recognized in pension expense		99	1,140	-	1,239
Liabilities					
Current liabilities					
Accounts payable		6,804	6,091	3,285	16,180
Accrued liabilities		3,064	3,036	-	6,100
Due to other funds		3,993	6,014	-	10,007
Payable from restricted assets					
Revenue bonds		12,311	4,313	-	16,624
Customer deposits		35,490	25,235	-	60,725
Total current liabilities		61,662	44,689	3,285	109,636
Non-current liabilities					
Revenue bonds payable		386,566	204,259	-	590,825
Net pension liability		15,216	18,846	-	34,062
Total non-current liabilities		401,782	223,105	-	624,887
Total liabilities		463,444	267,794	3,285	734,523
Deferred inflows of resources					
Changes in net pension liability not yet recognized in pension expense		2,127	2,635	-	4,762
Net position					
Invested in capital assets, net of related debt		643,076	788,021	-	1,431,097
Restricted for revenue bonds		97,611	15,487	-	113,098
Unrestricted		119,992	60,318	13,126	193,436
Total net position	$	860,679	863,826	13,126	1,737,631

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, 2015

	Water	Sewer	Garbage	Total
Operating Revenues				
Service fees	$ 138,625	75,450	42,669	256,744
Delinquent fees	8,368	-	-	8,368
Total operating revenues	146,993	75,450	42,669	265,112
Operating expenses				
Salaries and fringe benefits	31,871	35,775	-	67,646
Depreciation	57,863	36,804	-	94,667
Garbage collection	-	-	38,806	38,806
General and administrative	33,350	11,779	-	45,129
Utilities	9,900	14,021	-	23,921
Repairs and maintenance	3,416	8,844	-	12,260
Total operating expenses	136,400	107,223	38,806	282,429
Operating income (loss)	10,593	(31,773)	3,863	(17,317)
Non-operating revenues (expenses)				
Capital grants	-	1,341	-	1,341
Interest income	117	46	-	163
Interest and fiscal charges	(20,000)	(9,863)	-	(29,863)
Total non-operating revenues(expenses)	(19,883)	(8,476)	-	(28,359)
Income (loss) before transfers	(9,290)	(40,249)	3,863	(45,676)
Transfers	3,971	41,225	(4,552)	40,644
Change in net position	(5,319)	976	(689)	(5,032)
Net position, beginning of year	881,675	882,266	13,815	1,777,756
Prior period adjustment - to record net pension liability and deferred outflows related to pensions	(15,677)	(19,416)	-	(35,093)
Net position, beginning of year, as restated	865,998	862,850	13,815	1,742,663
Net position, end of year	$ 860,679	863,826	13,126	1,737,631

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2015

	Water	Sewer	Garbage	Total
Cash flows from operating activities				
Receipts from customer and users	$ 146,959	77,556	44,293	268,808
Payments to suppliers	(49,095)	(30,322)	(35,521)	(114,938)
Payments to employees	(31,791)	(37,435)	-	(69,226)
Net cash provided by operating activities	66,073	9,799	8,772	84,644
Cash flows from non-capital financing activities				
Transfers	3,971	41,225	(4,552)	40,644
Net cash provided by (used in) non-capital financing activities	7,964	47,239	(4,552)	50,651
Cash flows from capital and related financing activities				
Capital grants received	-	1,341	-	1,341
Purchase of capital assets	(5,804)	(7,192)	-	(12,996)
Principal paid on capital debt	(11,598)	(4,054)	-	(15,652)
Interest paid on capital debt	(18,545)	(8,034)	-	(26,579)
Net cash used in capital and related financing activities	(35,947)	(17,939)	-	(53,886)
Cash flows from investing activities				
Purchase of investments	(1)	-	-	(1)
Interest received	117	46	-	163
Net cash provided by investing activities	116	46	-	162
Net increase in cash and cash equivalents	38,206	39,145	4,220	81,571
Cash and cash equivalents, beginning of year	224,248	89,628	7,844	321,720
Cash and cash equivalents, end of year	$ 262,454	128,773	12,064	403,291
Cash and cash equivalents reconciliation				
Cash and cash equivalents (unrestricted)	$ 127,593	87,179	12,064	226,836
Restricted cash and cash equivalents	134,861	41,594	-	176,455
Cash and cash equivalents, end of year	$ 262,454	128,773	12,064	403,291

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2015

		Water	Sewer	Garbage	Total
Reconciliation of operating loss to net cash provided by operating activities					
Operating income (loss)	$	10,593	(31,773)	3,863	(17,317)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation		57,863	36,804	-	94,667
Pension expense		1,666	2,064	-	3,730
Pension contributions made subsequent to measurement date		(99)	(1,139)	-	(1,238)
Changes in assets and liabilities					
Decrease (increase) in accounts receivable		(3,764)	(419)	1,624	(2,559)
Decrease (increase) in other receivables		-	-	-	-
Increase (decrease) in cash overdraft		-	-	-	-
Increase (decrease) in accounts payable		(2,429)	4,322	3,285	5,178
Increase (decrease) in compensated absences		(1,487)	(2,585)	-	(4,072)
Increase (decrease) in customer deposits		3,730	2,525	-	6,255
Net cash provided by investing activities	$	66,073	9,799	8,772	84,644
Supplementary disclosure of cash flow information					
Interest paid	$	19,415	9,567	-	28,982

See accompanying notes to the financial statements.

Introduction

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

The accounting and reporting policies of the Village conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of 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

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.

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 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. **The Mayor is authorized to transfer budgetary amounts among programs within a department, office or agency; however, any revisions that alter the total revenues and/or expenditures budgeted for any department, office, agency or fund must be approved by the Board of Aldermen.**

Deposits and Investments

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.
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 $2,860 for the Water Fund, $1,753 for the Sewer Fund and $1,032 for Garbage Fund at June 30, 2015.

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:

Description	Estimated Lives
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

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. *Invested in capital assets, net of related debt* – 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."

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

Fund Statements

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

1. *Restricted* – Amounts that can be spent only for specific purposes because of the Village Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

2. *Assigned* – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the governing Board.

3. *Unassigned* – All amounts not included in other spendable classifications.

Interfund 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.

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, 2015, the Village was in compliance with all revenue bond covenants.

(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 $1,583,419 (including $432,939 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, 2015, the Village had $69,711 in non-interest bearing deposits. These deposits are fully secured from risk by federal deposit insurance. At June 30, 2015, the Village had $1,524,319 in interest-bearing deposits. These deposits are secured from risk by $250,000 of federal deposit insurance and $1,329,563 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

(4) Investments

Investments held at June 30, 2015, consist of $228,865 in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in

LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

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

LAMP is a 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, 2015, the Village had the following utility receivable and corresponding allowance for doubtful accounts in its proprietary funds:

	Water	Sewer	Garbage
Receivable	$ 20,220	9,502	5,379
Allowance for Doubtful Accounts	(2,860)	(1,753)	(1,032)
Receivable, net	$ 17,360	7,749	4,347

(6) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
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	426,499	1,453	-	427,952
Total Capital Assets Being Depreciated	649,789	1,453	-	651,242
Less Accumulated Depreciation for:				
Buildings and Improvements	(162,420)	(10,728)	-	(173,148)
Equipment, Furniture and Vehicles	(337,772)	(11,265)	-	(349,037)
Total Accumulated Depreciation	(500,192)	(21,993)	-	(522,185)
Total Capital Assets Being Depreciated, Net	149,597	(20,540)	-	129,057
Total Governmental Activities	$ 419,597	(20,540)	-	399,057
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 14,350	-	-	14,350
Capital Assets Being Depreciated				
Water System and Equipment	1,980,809	5,804	-	1,986,613
Sewer System and Equipment	1,389,872	7,192	-	1,397,064
Total Capital Assets Being Depreciated	3,370,681	12,996	-	3,383,677
Less Accumulated Depreciation for:				
Water System and Equipment	(901,147)	(57,863)	-	(959,010)
Sewer System and Equipment	(363,667)	(36,804)	-	(400,471)
Total Accumulated Depreciation	(1,264,814)	(94,667)	-	(1,359,481)
Total Capital Assets Being Depreciated, Net	2,105,867	(81,671)	-	2,024,196
Total Business-Type Activities	$ 2,120,217	(81,671)	-	2,038,546

Depreciation was charged to programs as follows:

Governmental Activities

General Government	$	12,849
Public Safety		467
Public Works		8,677
Total	$	21,993

Business-Type Activities

Water	$	57,863
Sewer		36,804
Total	$	94,667

(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.

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 can retire providing he meets one of the following criteria:

   a. Any age with thirty (30) years of creditable service.
   b. Age 60 with a minimum of ten (10) or more years of creditable service.

c. Under age 60 with ten (10) years creditable service eligible for disability benefits.
d. Survivor's benefits require five (5) years creditable service at death of member.

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 statues, 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, 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.

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, 2015, 2014, and 2013, were $14,894, $16,479, and $14,944, respectively, and were equal to the required contribution for each year.

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

At June 30, 2015, the Employer reported a liability of $131,535 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014, the Village's proportion was 0.280161%, which was an decrease of 0.008350% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Village recognized pension expense of $15,554 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, $1,147.

At June 30, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activites		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	1,773	-	619
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	9,306	-	3,252
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,550	-	891
Employer contributions subsequent to measurement date	13,655	-	1,239	-
	$ 13,655	13,629	1,239	4,762

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, 2016. Other 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, 2016	$	(5,084)
June 30, 2017	$	(5,084)
June 30, 2018	$	(5,084)
June 30, 2019	$	(3,139)

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, 2014 are as follows:

	Plan B
Total Pension Liability	$ 570,434
Plan Fiduciary Net Position	(438,899)
Total Net Pension Liability	$ 131,535

A summary of the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2014 are as follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years for Plan B
Investment Rate of Return	7.75%, net of investment expense
Projected Salary Increases	5.75% (3% inflation, 2.75 merit)
Mortality	RP-2000 Employee Table for Active Members
	RP-2000 Health Annuitant Table for health annuitants
	RP-2000 Disabled Lives Mortality Table for disabled annuitants
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 as they were deemed not to be substantively automatic.

The mortality rate assumption used was verified by combining data from this plan with the three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period of July 1, 2006 through June 30, 2010. The data was then 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 setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, 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, 2014:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Employer's proportionate share of the net pension liability	$ 192,401	131,535	79,558

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2014 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 inflow of resources in the amount of $3,189, for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was $ 797 and $2,392, respectively.

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 inflow of resources in the amount of $15,697, for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was $3,139 and $12,558, respectively.

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 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 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 statues, 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. The Municipal Police 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, 7722 Office Park Boulevard Suite 200, Baton Rouge, Louisiana, 70809-7601 or by calling (225) 929-7411.

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 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.

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, 2014, total contributions due for employers and employees were 41%. 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 31% and 10% respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33% 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 Untied States Department of Heath and Human Services were 33.5% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2014 was 41.53%. The Village of Folsom's employer contributions to the Municipal Police Employees' Retirement System for the years ended 2015, 2014 and 2013 were $30,948, $30,933, and $30,125, 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, 2014 and excluded from pension expense.

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

At June 30, 2015, the Employer reported a liability of $237,312 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014, the Village's proportion was 0.037933%, which was an increase of 0.001707% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Village recognized pension expense of 29,740 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contribution of $3,409.

At June 30, 2015 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	4,174
Changes in assumptions	-	64
Net difference between projected and actual earnings on pension plan investments	-	53,703
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,227	-
Employer contributions subsequent to measurement date	30,948	-
	$ 41,175	57,941

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, 2016	$ (11,429)
June 30, 2017	$ (11,429)
June 30, 2018	$ (11,429)
June 30, 2019	$ (13,427)

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, 2014 are as follows:

Total Pension Liability	$ 953,115
Plan Fiduciary Net Position	(715,803)
Total Net Pension Liability	$ 237,312

The actuarial assumptions used in the June 30, 2014 valuation (excluding mortality) were based on the assumptions used in the June 30, 2014 actuarial funding valuation, and were initially designed to match, to the extent possible, those used by the prior actuary for the fiscal 2010 valuation. Adjustments to some non-mortality decrements were necessary due to differences in software design. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 are as follows:

Valuation Date	June 30, 2014	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.75% net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	3%	
Salary increases, including Inflation and merit	Years of Service	Salary Growth Rate
	1	10.00%
	2	6.00%
	3-19	4.30%
	20-29	5.50%
	30 & Over	4.00%

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.

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, 2003 through June 30, 2008 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a periods 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 setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Employer's proportionate share of the net pension liability	$ 342,638	237,312	148,848

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2014 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 $5,565 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was $1,391 and $4,174, 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 deferred inflow of resources in the amount of $67,129 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was $13,426 and $53,703, 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 deferred inflow of resources in the amount of $86 for the year ended June 30, 2014. Pension expense and remaining deferred inflow of resources for the year ended June 30, 2014 was $22 and $64, 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.

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, 2014. 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.lla.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

Type of Coverage	Period of Coverage	Coverage		
Auto Property Damage	8/19/2014 to 8/19/2015	Total		None
Commercial Property	1/1/2015 to 1/1/2016	Town Hall	$	457,044
		Water and Sewer		83,845
		Police Department		206,975
Fidelity Bond	12/30/2014 to 12/30/2015	Mayor		40,000
	12/30/2014 to 12/30/2015	Municipal Clerk		65,000
	12/30/2014 to 12/30/2015	Police Secretary		5,000

	7/1/2014 to 7/1/2015	Police Chief	5,000
Workers' Compensation	1/1/2015 to 1/1/2016	Policy Limit	Statutory
Automotive Liability	2/1/2015 to 2/1/2018		500,000
Commercial General Liability	2/1/2015 to 2/1/2018	Aggregate and Each	500,000
Law Enforcement Liability	2/1/2015 to 2/1/2018		500,000
Errors and Omissions	2/1/2015 to 2/1/2018		500,000

(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	$ 12.50
Over 2,000 Gallons	Additional $2.00 per Thousand
Sewer - Commercial	
Up to 2,000 Gallons	$ 30.00
Over 2,000 Gallons	Additional $2.00 per Thousand
Sewer – Unmetered (No Water)	Fixed Rate of $17.50
Garbage	Fixed Rate of $15.25

At June 30, 2015, the Village served the following customers:

Water	603
Sewer	264
Garbage	237
Total	1,104

(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, 2015:

	Water	Sewer	Total
Bonds and Notes at July 1, 2014	$ 410,475	212,626	623,101
Bonds Issued	-	-	-
Bond Retired	(11,598)	(4,054)	(15,652)
Bonds and Notes at June 30, 2015	$ 398,877	208,572	607,449

$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	$ 398,877
$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	$ 208,572

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

	Water Revenue		Sewer Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	12,311	18,702	4,313	9,307	16,624	28,009
2017	12,908	18,104	4,511	9,109	17,419	27,213
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
2021-2025	85,968	69,092	29,593	38,508	115,561	107,600
2026-2030	108,963	46,097	37,044	31,057	146,007	77,154
2031-2035	136,553	16,946	46,370	21,730	182,489	38,676
2036-2040	-	-	58,047	10,053	58,047	10,053
2041	-	-	13,879	363	13,879	363
Total	$ 398,877	219,369	208,572	146,172	607,449	365,541

(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, 2015 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 18,962	6,231
Special Revenue Fund	6,231	8,955
Enterprise		
Water	-	3,993
Sewer	-	6,014
	$ 25,193	25,193

(12) Interfund Transfers

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

	Interfund Transfers In	Interfund Transfers Out
General Fund	$ 443,434	40,897
Special Revenue Fund	-	700,006
Streets and Drainage Fund	284,539	27,715
Enterprise		
Water	5,178	1,207
Sewer	44,903	3,678
Garbage	-	4,551
	$ 778,054	778,054

(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 that benefit the areas within a specified growth management area located in Sales Tax District No. 3. As of June 30, 2015, $256,484 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 requirement calls for the establishment and maintenance of the Sewer Utility Revenue Bond and Sinking Fund sufficient to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable. As the Village makes monthly bond payments on both issues, the U.S. Department of Agriculture has waived this requirement.

Revenue Bond Reserve Fund

The Village is required to deposit monthly $57 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. This requirement has been met as of June 30, 2015.

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 designated fiscal agent of the Village. This requirement has been met at June 30, 2015.

(14) Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2015, 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.

(15) Prior Period Adjustment

During the current year, the Village recorded a prior period adjustment while implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions.* This adjustment increased the net pension liability by $447,914, deferred outflows related to pensions by $60,518, and decreased net position by $387,396.

(16) Evaluation of Subsequent Events

The Village has evaluated subsequent events through December 30, 2015, the date which the financial statements were available to be issued.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes				
Franchise taxes	$ 41,100	39,200	52,770	13,570
Other	-	-	7,335	7,335
Insurance licenses	55,000	57,000	74,880	17,880
Licenses and permits	47,800	54,500	54,388	(112)
Grant revenues	-	-	1,956	1,956
Other revenues	680	500	6,786	6,286
Fines and forfeitures	12,000	18,000	19,144	1,144
Interest income	130	144	167	23
Total revenues	156,710	169,344	217,426	48,082
Expenditures:				
Current				
General government	263,400	235,325	252,054	(16,729)
Public safety	280,530	285,225	268,437	16,788
Total expenditures	543,930	520,550	520,491	59
Deficiency of revenues under expenditures	(387,220)	(351,206)	(303,065)	48,141
Other financing sources				
Operating transfers	380,909	418,150	402,537	(15,613)
Total other financing sources	380,909	418,150	402,537	(15,613)
Net change in fund balance	$ (6,311)	66,944	99,472	32,528
Fund balance, beginning			351,652	
Fund balance, ending			$ 451,124	

See independent auditors' report.

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
General government				
Legal and professional	$ 45,000	38,000	49,394	(11,394)
Salaries	97,000	90,000	99,090	(9,090)
Insurance	21,000	16,000	14,211	1,789
Employee health insurance	48,000	41,000	31,984	9,016
Utilities	4,500	3,600	4,390	(790)
Employee pension plan	18,000	15,000	10,898	4,102
Other	100	200	412	(212)
Office supplies	3,000	3,000	3,767	(767)
Payroll taxes	1,800	1,800	7,588	(5,788)
Payroll expense	3,000	2,000	2,568	(568)
Supplies	1,000	1,100	996	104
Fuel	600	600	732	(132)
Repairs and maintenance	3,700	5,600	4,772	828
Building inspection fees	1,100	6,000	5,550	450
Publications	3,000	1,700	2,554	(854)
Dues and subscriptions	100	125	100	25
Seminars and meetings	4,000	2,600	2,328	272
Telephone/internet	8,500	7,000	9,268	(2,268)
Capital outlay	-	-	1,452	(1,452)
Total general government	$ 263,400	235,325	252,054	(16,729)

See independent auditors' report.

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2015

		Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Public safety					
Salaries	$	145,000	145,000	146,031	(1,031)
Employee health insurance		25,000	25,000	20,186	4,814
Retirement		33,000	33,000	30,948	2,052
Insurance		26,000	28,500	27,685	815
Fuel		10,000	10,000	8,892	1,108
Supplies and uniforms		3,000	1,500	2,651	(1,151)
Telephone		7,000	8,000	7,585	415
Repairs and maintenance		7,000	5,000	3,751	1,249
Office supplies		2,000	3,000	2,476	524
Other		130	200	1,638	(1,438)
Payroll taxes		12,000	12,000	5,607	6,393
Payroll expense		1,500	1,500	1,046	454
Training		400	400	-	400
Utilities		3,200	3,200	2,694	506
Law Enforcement Fees		1,100	1,425	1,253	172
Legal and professional		4,200	7,500	5,994	1,506
Total public safety	$	280,530	285,225	268,437	16,788

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2015

		Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:					
Taxes					
Sales and use	$	646,000	677,000	679,777	2,777
Grant revenues		29,000	1,600	-	(1,600)
Licenses		-	-	-	-
Other		-	-	-	-
Interest income		310	250	292	42
Total revenues		675,310	678,850	680,069	1,219
Expenditures:					
Public works					-
Salaries		56,000	52,000	54,066	(2,066)
Employee health insurance		21,000	19,000	18,576	424
Employee pension		4,800	3,100	2,757	343
Insurance		5,200	5,400	7,840	(2,440)
Payroll taxes		4,400	4,000	4,026	(26)
Street lighting		9,500	10,000	11,369	(1,369)
Supplies		29,000	2,300	1,791	509
Other		160	200	180	20
Total expenditures		130,060	96,000	100,605	(4,605)
Excess of revenue over expenditures		545,250	582,850	579,464	(3,386)
Other financing uses					
Operating transfers		(552,010)	(565,000)	(700,006)	(135,006)
Total other financing sources		(552,010)	(565,000)	(700,006)	(135,006)
Net change in fund balance	$	(6,760)	17,850	(120,542)	(138,392)
Fund balance, beginning				840,416	
Fund balance, ending				$ 719,874	

See independent auditors' report.

Budgetary Comparison Schedule - Streets and Drainage Fund

For the Year Ended June 30, 2015

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Grant revenues	$ 5,000	4,000	4,000	-
Interest income	35	90	106	16
Total revenues	5,035	4,090	4,106	16
Expenditures:				
Public works				-
Repairs and maintenance	3,400	2,000	1,836	164
Supplies	3,000	2,000	2,507	(507)
Other	-	-	56	(56)
Total expenditures	6,400	4,000	4,399	(399)
Excess of revenue over expenditures	(1,365)	90	(293)	(383)
Other financing uses				
Operating transfers	134,476	92,235	256,824	164,589
Total other financing sources	134,476	92,235	256,824	164,589
Net change in fund balance	$ 133,111	92,325	256,531	164,206
Fund balance, beginning			-	
Fund balance, ending			$ 256,531	

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Employer's Share of Net Pension Liability

For the Year Ended June 30, 2015*

Schedule for Municipal Employees Retirement System:

	2015*
Employer's proportion of net pension liability	0.280161%
Employer's proportionate share of net pension liability	131,535
Employer's covered-employee payroll	188,329
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70%
Plan fiduciary net position as a percentage of the total pension liability	76.94%

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:

	2015*
Employer's proportion of net pension liability	0.037933%
Employer's proportionate share of net pension liability	237,312
Employer's covered-employee payroll	98,318
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	241%
Plan fiduciary net position as a percentage of the total pension liability	75.10%

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.

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Employer's Contributions

For the Year Ended June 30, 2015

Municipal Employees' Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	14,894	14,894	-	156,357	9.53%

Municipal Police Employees' Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	30,921	30,948	(27)	99,905	30.98%

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

See independent auditors' report and accompanying notes to required supplementary information

Municipal Employees' Retirement System:

Changes in Benefit Terms:

There were no changes in benefit terms for the year ended June 30, 2015.

Changes in Assumptions:

There were no changes in assumptions for the year ended June 30, 2015.

Municipal Police Employees' Retirement System:

Changes in Benefit Terms include:

Based on the fiscal 2013 valuation, the Board of Trustees voted to grant a cost of living increase pursuant to R.S. 11:2225(A)(7)(c) and (d)

Changes in Assumptions:

Act 402 of 2014 changed the amortization period for all the existing outstanding unfunded liability bases from various periods ranging from one to thirty years to twenty years. The act also sets the period to amortize all future actuarial gains and losses as well as changes in assumptions and benefits at fifteen years.

VILLAGE OF FOLSOM, LOUISIANA

Schedule of Compensation Paid to Governing Board

For the Year Ended June 30, 2015

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		5,250
Paulette Lee (1/1/15 to Present) 13165 Cleveland Street PO Box 535 Folsom, LA 70437		2,750
Bettye Boggs, Mayor (1/1/15 to Present) 345 Village Farms Lane Folsom, LA 70437		3,900
Donald Burris, Alderman (7/1/14 to 12/31/14) 82288 Wes Burris Street Folsom, LA 70437		2,700
Phillip Bickham, Mayor (7/1/14 to 12/31/14) 12354 S. Hay Hollow Road Folsom, LA 70437		3,900
Total	$	23,950

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, 2015

Agency Head Name: Bettye Boggs

Purpose		Amount
Salary	$	3,900
Benefits - Insurance		-
Benefits - Retirement		-
Benefits - Other		-
Car Allowance		-
Vehicle Provided by Government		-
Per Diem		-
Reimbursements		331
Travel		592
Registration Fees		-
Conference Travel		-
Continuing Professional Education Fees		-
Housing		-
Unvouchered Expenses		-
Special Meals		-
	$	4,823

See independent auditors' report.

VILLAGE OF FOLSOM, LOUISIANA

Combining Balance Sheet - Non-Major Governmental Funds

June 30, 2015

		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
Assets				
Cash	$	15,435	13,743	29,178
Total assets	$	15,435	13,743	29,178
Fund balance				
Assigned for debt service		15,435	-	15,435
Assigned for capital projects		-	13,743	13,743
Total fund balance	$	-	13,743	29,178

See independent auditors' report.

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

For the Year Ended June 30, 2015

		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
Revenues:				
Interest income	$	8	-	8
Total revenues		8	-	8
Expenditures:				
Debt service				
Principal		-	-	-
Interest and fiscal charges		-	-	-
Capital outlay		-	-	-
Total expenditures		-	-	-
(Deficiency) excess of revenues (under) over expenditures		8	-	8
Other financing sources				
Operating transfers in		-	-	-
Total other financing sources		-	-	-
Net change in fund balance		8	-	8
Fund balance, beginning		15,427	13,743	29,170
Fund balance, ending	$	15,435	13,743	29,178

See independent auditors' report.

GRIFFIN & FURMAN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

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, 2015, 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 30, 2015.

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 – 2015-1.

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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 item 2015-2.

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

Mandeville, Louisiana
December 30, 2015

Summary of Audit Results:

1. **Type of Report Issued – Unqualified**

2. **Internal Control Over Financial Reporting**
   a. **Significant Deficiencies – Yes (2015-1)**
   b. **Material Weaknesses – No**

3. **Compliance and Other Matters – Yes (2015-2)**

4. **Management Letter - Yes**

Finding 2015-1:

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. 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.

Management 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 correction action is necessary.

Finding 2015-2:

Criteria: Management is responsible for complying with applicable laws.

Condition and Cause: The Village Clerk is not currently covered by a fidelity bond as required by Louisiana Revised Statute 33:386. The lapse in coverage was the result of turnover in the Town Clerk position during the year and the Village inadvertently overlooked the requirement to update the fidelity bond for this change.

Recommendation: We recommend the Village obtain the required coverage as soon as possible.

Finding 2014-1:

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 2015-1.

Finding 2014-2:

Condition and Cause: During our prior year engagement we noted that there was numerous fuel charges related to the vehicle used by the Mayor. We were not able to obtain documentation if the vehicle was being used for Village use or personal use.

Recommendation: We recommend the Village perform a detailed review of the fuel charges and request from the Mayor an accounting of the use of the vehicle to determine if the Village was paying for fuel related to personal use of the Mayor. If so, we recommend the Village recover the funds from the Mayor.

Status: The Village has exhausted all methods available to determine if the Village was paying for fuel related to personal use of the former Mayor and could find no reliable evidence that funds were misappropriated.

Finding 2014-3:

Condition and Cause: During our prior year engagement, we were informed by management that there were suspicions that fraud may have occurred during the fiscal year. Per review of journal entries and customer histories it appeared that the sanitation and sewer account of one of the Village Alderman was credited $445. The journal entries were described as "Charges were disputed CPA wrote off". However, per discussion with the Village Clerk the account was credited under the direction of the Village Mayor and there was no involvement from a CPA.

Recommendation: We recommend the Village perform a detailed review of the account to determine if there was fraudulent activity and if so report the activity to the proper authorities.

Status: The Village has exhausted all methods available to determine if fraudulent activity occurred and no reliable evidence to support that assertion.

Village of Folsom

Mayor - Bettye M. Boggs

Alderwoman - Paulette Lee
Alderwoman - Jill Mathies
Alderman - Lance Willie

Andree Core - Municipal Clerk
Ronnie "Beau" Killingsworth
Chief of Police
Delbert G. Talley - Village Attorney

The Village of
Folsom
Where Our Lifestyle Is Still Wholesome!

December 30, 2015

Louisiana Legislative Auditor
Baton Rouge, Louisiana

Below please find our corrective Action Plan for Audit Findings and Management Letter Comments for the audit period ending June 30, 2015.

Audit Findings:

Finding 2015-1:

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. 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.

Management 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 correction action is necessary.

Person Responsible for Corrective Action: Not Applicable

Anticipated Completion Date: Not Applicable

Finding 2015-2:

Criteria: Management is responsible for complying with applicable laws.

Condition and Cause: The Village Clerk is not currently covered by a fidelity bond as required by Louisiana Revised Statute 33:386. The lapse in coverage was the result of turnover in the Town Clerk position during the year and the Village inadvertently overlooked the requirement to update the fidelity bond for this change.

Recommendation: We recommend the Village obtain the required coverage as soon as possible.

Management Corrective Action: Management is in the process of updating the fidelity bond coverage to ensure the current Village Clerk is bonded.

Person Responsible for Corrective Action: Andree Core

Anticipated Completion Date: January 15, 2016

Management Letter Comments:

2015-1 Auto Property Insurance:

Observation: During our review of insurance coverages, we noted that the auto property damage coverage was not renewed when it expired on August 19, 2014.

Recommendation: We recommend management review coverage in this area to ensure the Village is adequately covered in the event of a loss.

Management Corrective Action: Management will review all insurance policies to ensure proper coverages are in place.

Person Responsible for Corrective Action: Andree Core

Anticipated Completion Date: January 31, 2016

2015-2 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.

Management Corrective Action: Management is in the process of reviewing who is currently covered and will work with its agent to ensure all employees requiring bonding are so bonded.

Person Responsible for Corrective Action: Andree Core

Anticipated Completion Date: January 15, 2016

Sincerely,

Andrée Core

Andree Core
Town Clerk
Village of Folsom

GRIFFIN & FURMAN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

To the Honorable Bettye Boggs
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, 2015, 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 30, 2015. 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 out audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. A separate report dated December 30, 2015, contains our report on significant deficiencies in the Village's internal control. This letter does not affect our report dated December 30, 2015, 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:

2015-1 Auto Property Insurance

Observation: **During our review of insurance coverages, we noted that the auto property damage coverage was not renewed when it expired on August 19, 2014.**

Recommendation: **We recommend management review coverage in this area to ensure the Village is adequately covered in the event of a loss.**

2015-2 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.**

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Village's organization gained during our work to make comments and suggestions that we hope will be useful to you.

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

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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

Mandeville, Louisiana
December 30, 2015