
VILLAGE OF FRENCH SETTLEMENT

FINANCIAL REPORT

DECEMBER 31, 2023

VILLAGE OF FRENCH SETTLEMENT

FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Haley Unbehagen and Board of Aldermen
Village of French Settlement, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Village of French Settlement, Louisiana, as of and for the year then ended, December 31, 2023, and the related notes to the financial statement, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Village of French Settlement as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of French Settlement, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of French Settlement's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village of French Settlement's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of French Settlement's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of system contributions on pages 4-9 and 31-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of French Settlement's basic financial statements. The schedule of compensation, benefits and payments to agency head and justice system funding schedule-collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Village's 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.



June 21, 2024
Gonzales, Louisiana

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2023**

This section of the Village's annual financial report presents our discussion and analysis of the Village's financial performance during the year ended on December 31, 2023. This MD&A should be read in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Village's net position totaling \$999,369 increased by 44.9% over the course of the year's operations compared to prior year.
- During the year, the Village's governmental activities expenses were \$309,650 less than the \$707,386 generated in charges for services, operating and capital grants, and other revenue.
- The Village's general fund reported fund balance of \$569,982, which is an increase of \$249,066 at December 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Figure A-1

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The Village has one kind of fund:

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position. The Village's net position was \$999,369 at the end of the year. (See Table A-1.)

	Table A-1	
	Governmental Activities	
	2023	2022
Current and other assets	\$ 691,539	\$ 563,211
Land	133,511	133,511
Construction in progress	67,250	-
Other capital assets, net	399,553	420,622
Total assets	1,291,853	1,117,344
Deferred outflows of resources	84,830	153,268
Total assets and deferred outflows of resources	1,376,683	1,270,612
Current liabilities	121,557	242,295
Long term liabilities	140,187	308,360
Total liabilities	261,744	550,655
Deferred inflows of resources	115,570	30,238
Total liabilities and deferred inflows of resources	377,314	580,893
Net position		
Net investment in capital assets	600,314	554,133
Unrestricted	399,055	135,586
Total net position	\$ 999,369	\$ 689,719

Net position of the Village's governmental activities increased by \$309,650 or 44.9% from prior year.

Net investment in capital assets accounts for 60.1% of total net position reported as of December 31, 2023 and 80.3% of total net position reported as of December 31, 2022.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Governmental Activities

Revenues for the Village's governmental activities were \$309,650 more than total expenses for year end.

	Table A-2	
	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 338,698	\$ 351,017
Grants	327,824	98,399
General revenues		
Intergovernmental	18,500	3,050
Miscellaneous	2,464	52,593
Interest	19,900	2,806
Total revenues	707,386	507,865
Expenses		
General government	168,783	221,318
Public safety	228,953	365,582
Total expenses	397,736	586,900
Change in net position	\$ 309,650	\$ (79,035)

Change in net position. The Village's total revenues increased during 2023 to \$707,386 representing an increase of 39.3% from 2022. (See Table A-2.) Approximately 47.9% of the Village's revenue comes from fines, fees, and charges for services and 46.3% comes from operating and capital grants. The rest is intergovernmental, interest and miscellaneous income. During the year, the Village received \$5,793 of insurance proceeds for damages to a wrecked police unit.

The total cost of all programs and services were \$397,736. Costs decreased by \$189,164 or 32.2% compared to prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a fund balance of \$569,982 which is an increase of \$249,066 from prior year. This is attributed to the state aid funding received during 2023 and the American Rescue program revenue recognized.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the budget was amended to increase revenues by \$310,196 and increase expenditures by \$105,500.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

CAPITAL ASSETS

At the end of 2023, the Village had net investment in capital assets totaling \$600,314. (See Table A-3)

	Table A-3
	Governmental
	Activities
	<hr/>
Land	\$ 133,511
Construction in progress	67,250
Buildings and improvements	311,299
Equipment and fixtures	72,749
Vehicles	15,505
Total	<hr/> \$ 600,314 <hr/>

Current year additions of \$58,092 include building improvements and equipment and fixtures. Construction in progress on improvements to the police building total \$67,250.

LONG-TERM LIABILITIES

At December 31, 2023, the Village had the following long-term liabilities outstanding at year end.

Net pension liability	<u>\$ 140,187</u>
Total	<u>\$ 140,187</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on speeding fines, non-moving violations, and other moving violations for 29.4% of revenues. Franchise fees and licenses account for 14.8% and 3.0% of its revenues, grant revenue is 45.8% and the remaining 6.2% is from interest, miscellaneous and intergovernmental. Other financing sources make up 0.81%. The economy is not expected to generate any significant growth. Therefore, the Village's future revenues and expenditures are expected to be consistent with the current years.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and cash equivalents	\$ 651,500
Receivables	36,460
Prepaid expense	3,579
Capital assets	
Land	133,511
Construction in progress	67,250
Other capital assets, net of depreciation	399,553
TOTAL ASSETS	<u>1,291,853</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, pension related	84,830
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>84,830</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,376,683</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

Accounts payable	\$ 2,450
Accrued expenses	11,945
Unearned revenue	107,162
Long term liabilities	
Net pension liability	140,187
TOTAL LIABILITIES	<u>261,744</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows, pension related	115,570
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>115,570</u>

NET POSITION

Net investment in capital assets	600,314
Unrestricted	399,055
TOTAL NET POSITION	<u>999,369</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,376,683</u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTION/PROGRAM	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:					
General government	\$ 168,783	\$ 127,958	\$ 222,324	\$ -	\$ 181,499
Public safety	228,953	210,740	3,154	102,346	87,287
Total governmental activities	\$ 397,736	\$ 338,698	\$ 225,478	\$ 102,346	268,786
General Revenues:					
Intergovernmental					18,500
Miscellaneous					2,464
Interest					19,900
Total general revenues					40,864
Change in net position					309,650
Net position- January 1, 2023					689,719
Net position- December 31, 2023					\$ 999,369

The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2023

ASSETS

Cash and cash equivalents	\$ 651,500
Receivables	36,460
Prepaid expense	3,579
Total assets	<u>\$ 691,539</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 2,450
Accrued expenses	11,945
Unearned revenue	107,162
Total liabilities	<u>121,557</u>
Fund balance	
Nonspendable	3,579
Unassigned	566,403
Total fund balance	<u>569,982</u>
Total liabilities and fund balance	<u>\$ 691,539</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balance- Governmental Fund \$ 569,982

Amounts reported for governmental activities in the statement of net position
are different because:

Deferred outflow, pension related 84,830

Capital assets used in governmental activities are not current financial resources and,
therefore, are not reported in the governmental fund:

Cost of capital assets at December 31, 2023	1,274,861	
Less: accumulated depreciation as of December 31, 2023	<u>(674,547)</u>	600,314

Long-term liabilities are not due and payable in the current period, and therefore, are
not reported in governmental fund:

Net pension liability	(140,187)
Deferred inflows, pension related	<u>(115,570)</u>

Total net position at December 31, 2023 - Governmental Activities \$ 999,369

The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023**

REVENUES

Fines- speeding	\$ 163,712
Non-moving violations	34,015
Other moving violations	13,013
Franchise fees	105,857
Supplemental pay	18,500
Grants	105,500
American rescue plan	222,324
Occupational licenses	21,400
Beer tax	701
Miscellaneous	5,047
Interest	19,900
Total Revenues	<u>709,969</u>

EXPENDITURES

General government	142,557
Public safety	299,524
Capital outlay	24,615
Total Expenditures	<u>466,696</u>

Excess of Revenues over Expenditures 243,273

OTHER FINANCING SOURCES

Insurance proceeds	<u>5,793</u>
Total Other Financing Sources	<u>5,793</u>

Net change in fund balance 249,066

Fund Balance, January 1, 2023 320,916

Fund Balance, December 31, 2023 \$ 569,982

The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

**RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2023**

Net change in fund balance - Governmental fund \$ 249,066

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets:

Capital outlay capitalized	125,342	
Depreciation expense for the year ended December 31, 2023	(70,785)	
The net effect of transactions involving capital assets	<u>(8,376)</u>	46,181

Non-employer contributions to cost-sharing pension plan	3,060	
Pension benefit	<u>11,343</u>	

Change in Net Position - Governmental Activities \$ 309,650

The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Reporting Entity

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

The Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* Section 2100, established criteria for determining which component units should be considered part of the Village of French Settlement, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, no component units have been identified and, as a result, these financial statements present only financial position and results of operations of the Village of French Settlement, Louisiana (the primary government).

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements

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

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

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

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

The Village reports the following major governmental fund:

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Franchise fees, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Budgetary Policy and Accounting

Budgets and Budgetary Accounting - The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

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

F. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Village maintains a threshold of \$500 or more for capitalizing assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	15
Vehicles	5
Equipment	7

G. Accounts receivables

Accounts receivables are recorded at cost, net of any allowance for doubtful accounts. The allowance is based on management's estimate of uncollectible receivables as of the end of each year.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law at national banks having their principal offices in Louisiana.

J. Compensated Absences

The Village does not have a policy relating to vacation and sick leave. Due to this, no liability has been reflected in these financial statements as of December 31, 2023.

K. Pension Plans

The Village is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Government Wide Net Position

For the government-wide statement of net position, the net position amount is classified and displayed in three components:

Net investment in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

Restricted net position – This component consists of net position with constraints placed on either by external groups such as creditors, grantors, contributors, laws, or regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – This component consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

M. Fund Equity of Fund Financial Statements

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

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

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

Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village Alderman.

Assigned- represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed.

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Village has one item that qualifies for this category; pension related deferrals, which are reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Village has one item that qualifies for this category; pension related deferrals. The amounts deferred are recognized as an inflow of resources in the period that the amount becomes available.

2. CASH AND CASH EQUIVALENTS

At December 31 2023, the Village's cash and cash equivalents (book balance) consisted of the following:

	<u>Governmental Funds</u>
Demand Deposits	\$ 171,152
Funds held in LAMP	<u>480,348</u>
Total cash and cash equivalents	<u>\$ 651,500</u>

The demand deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value for the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2023, the Village's bank balance of \$234,148 was not exposed to custodial credit risk.

Local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc., (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, which operates a local government investment pool.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

At December 31, 2023, the Village had \$480,348 in investments in the 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 governments 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 LA-R.S. 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 an investment pool that, to the extent practical, invest in a manner consistent with GASB No. 79. The following facts are relevant for 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 60 days, and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable to 2a7-like pools

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

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

3. RECEIVABLES

The receivables at December 31, 2023 are as follows:

<u>Class of Receivables</u>	
Franchise payments	\$18,947
Other	17,513
Total	<u>\$36,460</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2023, are as follows:

	<u>Land</u>	<u>Building and improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Construction in progress</u>	<u>Total</u>
Cost of Capital Assets, December 31, 2022	\$133,511	\$ 620,250	\$ 225,624	\$183,359	\$ -	\$1,162,744
Additions	-	55,397	2,695	-	67,250	125,342
Deletions	-	-	-	13,225	-	13,225
Cost of Capital Assets, December 31, 2023	133,511	675,647	228,319	170,134	67,250	1,274,861
Accumulated depreciation, December 31, 2022	-	335,402	132,704	140,505	-	608,611
Additions	-	28,946	22,866	18,973	-	70,785
Deletions	-	-	-	4,849	-	4,849
Accumulated depreciation, December 31, 2023	-	364,348	155,570	154,629	-	674,547
Capital assets, net of accumulated depreciation at December 31, 2023	<u>\$133,511</u>	<u>\$ 311,299</u>	<u>\$ 72,749</u>	<u>\$ 15,505</u>	<u>\$ 67,250</u>	<u>\$ 600,314</u>

For the year ended December 31, 2023, depreciation expense was \$70,785. Depreciation expense was allocated to General government and public safety in the amounts of \$24,718 and \$46,067; respectively.

5. PENSION AND RETIREMENT PLAN

The Village of French Settlement (the Village) is a participating employer in a cost-sharing defined benefit pension plan. The plan is administered by a public employee retirement system, the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan to the State Legislature. The system is administered by a separate board of trustees.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing, calling or downloading the report as follows: MPERS 7722 Office Park Boulevard, Suite 200; Baton Rouge, LA 70809 ;(225) 929-7411; www.lampers.org.

The Municipal Police Employees' Retirement System prepared its employer schedules in accordance with Government Accounting Standards Board (GASB) Statement 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization period for deferred inflows and deferred outflows.

Plan Description: Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. 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 three and one-third percent 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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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 three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments 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 cost-of-living adjustment 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 cost-of-living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' 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 thirty-six 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 an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate. If the member elects a money market investment account the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct DROP funds the System transferred lump sum distributions to the stable value of Empower Retirement. Empower retirement acts as an agent of the System to allow participants to self-direct the

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program. If they do so, they can invest in Vanguard Life strategy Funds through Empower Retirement.

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 same criteria as DROP.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan are required and determined by State law and are expressed as a percentage of covered payroll. The contribution rates in effect for the Village and covered employees were as follows:

	<u>Village</u>	<u>Employees</u>
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	31.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	31.25%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	33.75%	7.50%

The Village's contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
MPERS	\$ 11,238	\$ 22,230	\$ 23,723

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 of \$3,060 were recognized during the year ended June 30, 2023 net of pension expense.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2023 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of December 31, 2023, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2023 along with the change compared to the June 30, 2022 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30,	Rate at June 30,	Increase (Decrease) on Rate
2023	\$ 140,187	0.0133%	(0.169%)
2022	\$ 308,360	0.0302%	0.0136%
2021	\$ 88,503	0.0166%	(0.0034%)
2020	\$ 184,865	0.0200%	(0.0053%)
2019	\$ 230,021	0.0253%	0.0101%
2018	\$ 85,699	0.0101%	(0.0086%)
2017	\$ 163,573	0.0187%	(0.0055%)

The pension plan's recognized pension benefit of the Village for the year ended December was \$11,343.

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources 2023	Deferred Inflows of Resources 2023
Differences between expected and actual experience	\$ 9,875	\$ 59
Changes in assumptions	2,339	-
Net difference between projected and actual earnings on pension plan investments	15,134	-
Changes in proportion and differences in employer contributions and proportionate share of contributions	51,172	115,511
Employer contributions subsequent to the measurement date	6,310	-
	<u>\$ 84,830</u>	<u>\$ 115,570</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

The Village reported a total of \$6,310 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2023. The pension contributions made subsequent to the measurement period was \$6,310.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year	
2024	(8,163)
2025	(5,678)
2026	(22,337)
2027	(872)
	<u>\$ (37,050)</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial finding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2023, are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	2023 - 4 years
Investment Rate of Return	6.750% net of investment expense
Inflation Rate	2.50%

Mortality The Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees, Safety Disabled Retirees and Safety Below-Median Employees multiplied by 115% for males and 125% for females, 105% for males and 115% for females, and 115% for males and 125% for females; respectively, each with full generational projection using the MP2019 scale.

Salary Increases	Years of Salary	Service Growth Rate
	1 - 2	12.30%
	Above 2	4.70%

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 present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included the System's target allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
	MPERS	Real Rate of Return MPERS
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternatives	14.00%	0.95%
Other	0.00%	0.00%
Total	<u>100.00%</u>	<u>5.36%</u>
Inflation		<u>2.54%</u>
Expected Arithmetic Nominal Return		<u>7.90%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate 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 pension plan'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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Village's proportionate share of the Net Pension Liability (NPL) using the discount rate for the Retirement System as well as what the Village's proportionate share of the NPL 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 used by the Retirement System:

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.750%	6.750%	7.750%
Net Pension Liability	<u>\$ 197,254</u>	<u>\$ 140,187</u>	<u>\$ 92,515</u>

Payables to Pension Plan

The Village has an accrued liability to the retirement system for \$1,784 the year ended December 31, 2023.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

6. AMOUNTS PAID TO ELECTED OFFICIALS

The amounts paid to elected officials as of December 31, 2023 is as follows:

Haley Unbehagen, Mayor	\$6,000
Jeremy AydeU, Mayor Pro Tem	1,625
Darryl Murphy, Alderman	1,625
Sean Clouatre, Alderman	1,625
Cary Mosby, Chief of Police	34,368
	<u>\$45,243</u>

7. 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. The Village has obtained liability insurance through the Louisiana Risk Management Association (LMRMA). This policy includes general liability insurance as well as liability insurance for the Village Hall, the police car and the patrolmen, and an errors and omissions policy on the public officials. In addition, the Village has purchased building and contents insurance on the Village Hall, comprehensive and collision insurance on the police car and worker's compensation insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the prior year.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financials were available to be issued, June 21, 2024, and has determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

VILLAGE OF FRENCH SETTLEMENT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Fines- speeding	\$ 130,000	\$ 130,000	\$ 163,712
Non-moving violations	50,000	50,000	34,015
Other moving violations	25,000	25,000	13,013
Franchise fees	129,328	111,700	105,857
Supplemental pay	10,100	10,100	18,500
Occupational licenses	20,600	20,600	21,400
Grants	-	105,500	105,500
American rescue plan	-	222,324	222,324
Beer tax	600	600	701
Miscellaneous	7,003	7,003	5,047
Interest	7,500	7,500	19,900
Total Revenues	<u>380,131</u>	<u>690,327</u>	<u>709,969</u>
<u>EXPENDITURES</u>			
General government	143,105	143,105	142,557
Public safety	202,715	308,215	299,524
Capital outlay	33,100	33,100	24,615
Total Expenditures	<u>378,920</u>	<u>484,420</u>	<u>466,696</u>
Excess of revenues over expenditures	1,211	205,907	243,273
<u>OTHER FINANCING SOURCES</u>			
Insurance proceeds	-	-	5,793
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5,793</u>
Net change in fund balance	1,211	205,907	249,066
Fund balance, January 1, 2023	<u>388,715</u>	<u>320,916</u>	<u>320,916</u>
Fund Balance, December 31, 2023	<u>\$ 389,926</u>	<u>\$ 526,823</u>	<u>\$ 569,982</u>

VILLAGE OF FRENCH SETTLEMENT

**SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2023 (*)**

Municipal Police Employees' Retirement System	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0133%	0.0302%	0.0166%	0.0200%	0.0253%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 140,187	\$ 308,360	\$ 88,503	\$ 184,865	\$ 230,021
Employer's Covered-Employee Payroll	\$ 44,950	\$ 89,709	\$ 51,115	\$ 54,081	\$ 47,694
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	311.8732%	343.7336%	173.1449%	341.8298%	482.2850%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.3030%	70.7991%	84.0881%	70.9450%	71.0078%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Employer's Proportion of the Net Pension Liability (Assets)	0.0101%	0.0187%	0.0243%	0.0132%	
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 85,699	\$ 163,573	\$ 227,347	\$ 103,071	
Employer's Covered-Employee Payroll	\$ 52,224	\$ 55,933	\$ 67,945	\$ 35,194	
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	164.0989%	292.4445%	334.6045%	292.8653%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.8871%	70.0815%	66.0422%	70.7303%	

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

(*) The amounts have a measurement date of the period June 30, 2023.

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF SYSTEM CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Municipal Police Employees Retirement System	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 11,238	\$ 22,230	\$ 23,723	\$ 17,634	\$ 13,184
Contributions in relation to contractually required contributions	<u>11,238</u>	<u>22,230</u>	<u>23,723</u>	<u>17,634</u>	<u>13,158</u>
Contribution deficiency (excess)	-	-	-	-	26
 Employer's Covered Employee Payroll	 \$ 34,368	 \$ 73,252	 \$ 75,701	 \$ 53,449	 \$ 40,713
 Contributions as a % of Covered Employee Payroll	 32.6990%	 30.3473%	 31.3378%	 32.9922%	 32.3828%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 19,275	\$ 12,578	\$ 20,549	\$ 14,916	
Contributions in relation to contractually required contributions	<u>19,275</u>	<u>12,578</u>	<u>21,343</u>	<u>14,916</u>	
Contribution deficiency (excess)	-	-	(794)	-	
 Employer's Covered Employee Payroll	 \$ 61,283	 \$ 40,232	 \$ 69,658	 \$ 52,422	
 Contributions as a % of Covered Employee Payroll	 31.4524%	 31.2637%	 29.4998%	 28.4537%	

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

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Haley Unbehagen, Mayor

Purpose	Amount
Salary	\$ 6,000
Benefits- insurance	-
Benefits- retirement	-
Deferred compensation	-
Benefits- Other	-
Dues	-
Cell phone	-
Registration fees	-
Conference travel	-
Total	<u>\$ 6,000</u>

VILLAGE OF FRENCH SETTLEMENT

JUSTICE SYSTEM FUNDING SCHEDULE- COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
DECEMBER 31, 2023

	First Six Month Period Ended <u>6/30/2023</u>	Second Six Month Period Ended <u>12/31/2023</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 1,007	\$ 743
Add: Collections	-	5,000
Bond fees		
Criminal Court Costs/Fees	2,050	2,070
Criminal Fines- Warrant	1,550	1,450
Criminal Fines - Contempt	1,350	2,300
Criminal Fines - Other	91,560	95,032
Service /Collection Fees- credit card fees, 3rd party service fees	4,510	4,728
Service/Collection Fees- Accident report fees	45	50
Subtotal Collections	<u>101,065</u>	<u>110,630</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Judicial College	170	176
LA Commission on Law Enforcement Criminal Court Fees	664	690
LDH- Traumatic Head and Spinal Cord Injury	1,245	1,245
Florida Parishes Juvenile Justice Commission	1,695	1,760
CMS- Trial Court Management Information	339	352
Disability Affairs Trust Funds- Mobility Parking Impaired	-	-
Less: Amounts Retained by Collecting Agency		
Criminal Fees - Other	92,314	95,830
Less: Disbursements to Individuals/3rd Party Collection or Processing		
Agencies <i>(Please enter zeros if no activity within a certain line item)</i>		
Civil fee refunds	392	998
Bond fee refunds	-	5,000
Payments to 3rd party Collection/Processing Agencies	4,510	4,728
	<u>101,329</u>	<u>110,779</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 743</u>	<u>\$ 594</u>

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of The Village of French Settlement were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*. No material weaknesses were noted.
3. No instances of noncompliance material to the financial statements of Village of French Settlement which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINANCIAL STATEMENT FINDINGS

None noted.

C. COMPLIANCE

None noted.

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2023

A. FINDING- FINANCIAL STATEMENTS

2022-01 Internal Controls over Payroll Liabilities

Condition: The payroll liability accounts were not reconciled, adjusted, nor paid to the Internal Revenue or Louisiana Department of Revenue on a timely basis. We also noted L-1 forms were not filed with the Louisiana Department of Revenue.

Recommendation: The Village should establish controls and procedures to ensure payroll taxes are being recorded, reconciled and paid to the proper authority on a timely basis. The Village should file L-1 forms with the state.

Current Status: Resolved.



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 Ms. Haley Unbehagen, Mayor
and the Board of Aldermen
French Settlement, Louisiana

We have audited, in accordance with the 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 and each major fund of Village of French Settlement, Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Village of French Settlement, Louisiana's basic financial statements, and have issued our report thereon dated June 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of French Settlement, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of French Settlement, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of French Settlement, Louisiana'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 and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a 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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of French Settlement, Louisiana's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gonzales, Louisiana
June 21, 2024