

VILLAGE OF FOLSOM, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2021

VILLAGE OF FOLSOM, LOUISIANA

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December 30, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana (the Village) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

This other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to governing board, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the justice system funding schedule – collecting / disbursing entity 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 *Governmental Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Village of Folsom, Louisiana’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 of Folsom, Louisiana’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 of Folsom, Louisiana’s internal control over financial reporting and compliance.


New Orleans, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

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, 2021. 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 Supplementary Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

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

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

1. Government-Wide Financial Statements

Government-wide financial statements are designed by Governmental Accounting Standards Board (GASB) Statement 34 to provide readers a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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

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

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 Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. The Village's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,242,349 (net position). The Village's net position is comprised of \$3,138,433 from governmental activities and \$2,103,916 from business-type activities as shown on the Statement of Net Position.

Approximately 42% 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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

1. Government-Wide Financial Statements (Continued)

Condensed Statements of Net Position						
<u>June 30, 2021 and 2020</u>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current & other assets	\$ 2,891,335	\$ 2,358,810	\$ 726,487	\$ 872,297	\$ 3,617,822	\$ 3,231,107
Capital assets	738,461	599,517	3,715,798	3,786,438	4,454,259	4,385,955
Total assets	<u>3,629,796</u>	<u>2,958,327</u>	<u>4,442,285</u>	<u>4,658,735</u>	<u>8,072,081</u>	<u>7,617,062</u>
Deferred outflows	219,238	171,127	21,402	19,660	240,640	190,787
Long-term liabilities	636,659	574,511	2,224,790	2,265,137	2,861,449	2,839,648
Other liabilities	22,071	47,806	133,825	127,803	155,896	175,609
Total liabilities	<u>658,730</u>	<u>622,317</u>	<u>2,358,615</u>	<u>2,392,940</u>	<u>3,017,345</u>	<u>3,015,257</u>
Deferred inflows	51,871	42,659	1,156	3,670	53,027	46,329
Net position						
Net investment in						
capital assets	738,461	599,517	1,507,257	1,531,678	2,245,718	2,131,195
Restricted	224,738	242,845	223,442	188,880	448,180	431,725
Unrestricted	<u>2,175,234</u>	<u>1,622,116</u>	<u>373,217</u>	<u>561,227</u>	<u>2,548,451</u>	<u>2,183,343</u>
Total net position	<u>\$ 3,138,433</u>	<u>\$ 2,464,478</u>	<u>\$ 2,103,916</u>	<u>\$ 2,281,785</u>	<u>\$ 5,242,349</u>	<u>\$ 4,746,263</u>

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 Government expenses, which include salaries, building costs, alderman fees, depreciation, and other general administration costs. Public Safety expenses encompass the Police Department. Public Works expenses include salaries and maintenance of infrastructure.

	<u>For the Year Ended June 30,</u>			
	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Governmental Activities Expenses:				
General Government	\$ 313,619	35%	\$ 295,468	32%
Public Safety	421,898	47%	456,904	50%
Public Works	160,425	18%	159,045	18%
Total Governmental Activities	<u>\$ 895,942</u>	<u>100%</u>	<u>\$ 911,417</u>	<u>100%</u>

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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,			
	2021	%	2020	%
General Revenues:				
Taxes	\$ 1,065,940	72%	\$ 936,140	83%
Insurance Licenses	75,384	5%	60,644	5%
Licenses and Permits	62,111	4%	62,596	6%
Other General Revenues	54,908	4%	42,784	4%
Fines and Forfeitures	24,558	2%	16,058	1%
Investment Earnings	2,085	0%	5,839	1%
Net Transfers In (Out)	200,000	13%	1,490	0%
Total General Revenues and Transfers	\$ 1,484,986	100%	\$ 1,125,551	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 Fund		Sewer Fund		Garbage Fund	
	For the Year		For the Year		For the Year	
	Ended June 30,		Ended June 30,		Ended June 30,	
	2021	2020	2021	2020	2021	2020
Operating Revenues	\$ 184,715	\$ 194,611	\$ 211,751	\$ 224,190	\$ 60,474	\$ 54,718
Operating Expenses	231,623	232,724	132,154	132,611	61,924	55,522
Net Operating						
Income (Loss)	\$ (46,908)	\$ (38,113)	\$ 79,597	\$ 91,579	\$ (1,450)	\$ (804)

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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

2. Fund Financial Statements (Continued)

Governmental Funds

Governmental funds are used to account for most of the Village's basic services 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 15 and 17 of this report.

The Village has three governmental funds at June 30, 2021. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Sales Tax Fund, and Streets and Drainage Fund, which are considered to be major funds. The basic governmental funds financial statements are presented on pages 14 through 17 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 \$2,880,252. In the General Fund, the nonspendable for prepaid amounts balance is \$5,126, the assigned for public safety balance is \$112,404, and the unassigned fund balance is \$1,185,258. In the Sales Tax Fund, the nonspendable for prepaid amounts balance is \$1,352 and the assigned for public works fund balance is \$1,351,374. In the Streets and Drainage Fund, the restricted for public works fund balance is \$224,738.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

2. Fund Financial Statements (Continued)

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

	General Fund	Sales Tax Fund	Streets and Drainage Fund
Fund Balance at June 30, 2020	\$ 905,378	\$ 1,161,973	\$ 243,653
Fund Balance at June 30, 2021	1,302,788	1,352,726	224,738
Increase (Decrease) in Fund Balance	\$ 397,410	\$ 190,753	\$ (18,915)

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 18 through 21 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 22 through 57 of this report.

4. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is presented on pages 58 through 68 of this report.

5. Other Supplementary Information

The Schedule of Compensation Paid to Governing Board is presented on page 69 of this report. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented on page 70 of this report. The Justice System Funding Schedule – Collecting/Disbursing Entity is presented on page 71 of this report.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

5. Other Supplementary Information (Continued)

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$4,454,259 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, street improvements, equipment, furniture, vehicles, water system and equipment, and sewer system and equipment. The total increase in the Village's investment in capital assets was \$68,304. This was primarily due to street improvements.

	Capital Assets, Net of Accumulated Depreciation					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 285,000	\$ 270,000	\$ 14,350	\$ 14,350	\$ 299,350	\$ 284,350
Construction in progress	-	-	-	695,351	-	695,351
Buildings and improvements	47,208	15,019	-	-	47,208	15,019
Equipment, furniture, and vehicles	129,653	165,529	-	-	129,653	165,529
Street Improvements	276,600	148,969	-	-	276,600	148,969
Water system and equipment	-	-	958,743	960,627	958,743	960,627
Sewer system and equipment	-	-	2,742,705	2,116,110	2,742,705	2,116,110
Total	\$ 738,461	\$ 599,517	\$ 3,715,798	\$ 3,786,438	\$ 4,454,259	\$ 4,385,955

Additional information on the Village's capital assets can be found in Note 4 of this report.

Long-Term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$2,208,541. This amount is comprised of bonds secured solely by specified revenue sources (i.e. revenue bonds) that have been issued in connection with sewer improvements.

	Business-Type Activities	
	2021	2020
Revenue Bonds	\$ 2,208,541	\$ 2,254,760
Total long-term debt	\$ 2,208,541	\$ 2,254,760

The Village's total debt decreased by \$46,219 during the current fiscal year. Additional information on the Village's long-term debt can be found in Note 8 of this report.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Unaudited)

5. Other Supplementary Information (Continued)

General Fund Budgetary Highlights

During the year, appropriations between the original and final amended budget increased by \$200,000. The increase is primarily due to an increase in capital outlay expenditures.

Economic Factors and Next Year's Budget

The Village has adopted its budget for the coming fiscal year. While sales taxes have consistently shown small increases each year, the Village budgeted these amounts to remain consistent with amounts received in the current fiscal year. Remaining revenues and expenditures are expected to remain relatively consistent with prior years.

Requests for Information

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

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 2,439,479	\$ 463,188	\$ 2,902,667
Receivables, net			
Water, sewer, and garbage	-	39,107	39,107
Sales taxes	172,816	-	172,816
Other	47,236	-	47,236
Internal balances	588	(588)	-
Prepaid expenses	6,478	1,338	7,816
Restricted cash and cash equivalents	224,738	223,442	448,180
Capital assets, net	738,461	3,715,798	4,454,259
Total assets	<u>3,629,796</u>	<u>4,442,285</u>	<u>8,072,081</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	<u>219,238</u>	<u>21,402</u>	<u>240,640</u>
Liabilities:			
Accounts payable	5,395	9,357	14,752
Accrued liabilities	5,688	4,079	9,767
Compensated absences	10,988	1,515	12,503
Payable from restricted assets:			
Customer deposits	-	70,960	70,960
Revenue bonds - due within one year	-	47,914	47,914
Revenue bonds - due in more than one year	-	2,160,627	2,160,627
Net pension liability - due in more than one year	636,659	64,163	700,822
Total liabilities	<u>658,730</u>	<u>2,358,615</u>	<u>3,017,345</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	<u>51,871</u>	<u>1,156</u>	<u>53,027</u>
Net Position:			
Net investment in capital assets	738,461	1,507,257	2,245,718
Restricted:			
Debt service	-	152,482	152,482
Customer deposits	-	70,960	70,960
Public works	224,738	-	224,738
Unrestricted	2,175,234	373,217	2,548,451
Total net position	<u>\$ 3,138,433</u>	<u>\$ 2,103,916</u>	<u>\$ 5,242,349</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 313,619	\$ -	\$ -	\$ -	\$ (313,619)	\$ -	\$ (313,619)
Public safety	421,898	-	-	-	(421,898)	-	(421,898)
Public works	160,425	-	-	3,800	(156,625)	-	(156,625)
Total governmental activities	895,942	-	-	3,800	(892,142)	-	(892,142)
Business-type activities:							
Water	231,623	184,715	26,725	-	-	(20,183)	(20,183)
Sewer	132,154	211,751	32,559	-	-	112,156	112,156
Garbage	61,924	60,474	-	-	-	(1,450)	(1,450)
Interest on long-term debt	71,036	-	-	-	-	(71,036)	(71,036)
Total business-type activities	496,737	456,940	59,284	-	-	19,487	19,487
Total	\$ 1,392,679	\$ 456,940	\$ 59,284	\$ 3,800	(892,142)	19,487	(872,655)
General revenues:							
Taxes					1,065,940	-	1,065,940
Insurance licenses					75,384	-	75,384
Licenses and permits					62,111	-	62,111
Other general revenues					54,908	2,074	56,982
Fines and forfeitures					24,558	-	24,558
Investment earnings					2,085	570	2,655
Net Transfers In (Out)					200,000	(200,000)	-
Total general revenues and transfers					1,484,986	(197,356)	1,287,630
Change in net position					592,844	(177,869)	414,975
Net position, beginning of year					2,464,478	2,281,785	4,746,263
Prior period adjustment					81,111	-	81,111
Net position, beginning of year, as restated					2,545,589	2,281,785	4,827,374
Net position, end of year					\$ 3,138,433	\$ 2,103,916	\$ 5,242,349

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,243,075	\$ 1,196,404	\$ -	\$ 2,439,479
Restricted cash and cash equivalents	-	-	224,738	224,738
Receivables, net:				
Sales	-	172,816	-	172,816
Other	43,436	3,800	-	47,236
Due from other funds	21,179	-	-	21,179
Prepaid expenses	5,126	1,352	-	6,478
Total assets	\$ 1,312,816	\$ 1,374,372	\$ 224,738	\$ 2,911,926
Liabilities:				
Accounts payable	\$ 5,395	\$ -	\$ -	\$ 5,395
Accrued liabilities	4,633	1,055	-	5,688
Due to other funds	-	20,591	-	20,591
Total liabilities	10,028	21,646	-	31,674
Fund balances:				
Restricted for public works	-	-	224,738	224,738
Nonspendable for prepaid amounts	5,126	1,352	-	6,478
Assigned for:				
Public works	-	1,351,374	-	1,351,374
Public safety	112,404	-	-	112,404
Unassigned	1,185,258	-	-	1,185,258
Total fund balances	1,302,788	1,352,726	224,738	2,880,252
Total liabilities and fund balances	\$ 1,312,816	\$ 1,374,372	\$ 224,738	\$ 2,911,926

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, 2021

Total fund balances for governmental funds at June 30, 2021	\$ 2,880,252
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	738,461
Deferred outflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	219,238
Long-term liabilities at June 30, 2021:	
Compensated absences liability	(10,988)
Net pension liabilities	(636,659)
Deferred inflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	<u>(51,871)</u>
Total net position of governmental activities at June 30, 2021	<u><u>\$ 3,138,433</u></u>

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Revenues:				
Taxes:				
Sales taxes	\$ -	\$ 997,449	\$ -	\$ 997,449
Franchise taxes	58,935	-	-	58,935
Other	9,556	-	-	9,556
Insurance licenses	75,384	-	-	75,384
Licenses and permits	62,111	-	-	62,111
Grants	-	3,800	-	3,800
Other revenues	23,716	-	-	23,716
Fines and forfeitures	24,558	-	-	24,558
Interest income	908	1,017	160	2,085
Total revenues	<u>255,168</u>	<u>1,002,266</u>	<u>160</u>	<u>1,257,594</u>
Expenditures:				
Current:				
General government	293,225	-	-	293,225
Public safety	366,533	-	-	366,533
Public works	-	111,277	7,678	118,955
Capital outlay	46,566	-	144,178	190,744
Total expenditures	<u>706,324</u>	<u>111,277</u>	<u>151,856</u>	<u>969,457</u>
Excess (deficiency) of revenues over expenditures	<u>(451,156)</u>	<u>890,989</u>	<u>(151,696)</u>	<u>288,137</u>
Other financing sources (uses):				
Transfers in	848,566	-	132,781	981,347
Transfers out	-	(781,347)	-	(781,347)
Total other financing sources (uses)	<u>848,566</u>	<u>(781,347)</u>	<u>132,781</u>	<u>200,000</u>
Net change in fund balances	397,410	109,642	(18,915)	488,137
Fund balance, beginning of year	905,378	1,161,973	243,653	2,311,004
Prior period adjustment	-	81,111	-	81,111
Fund balance, beginning of year, as restated	<u>905,378</u>	<u>1,243,084</u>	<u>243,653</u>	<u>2,392,115</u>
Fund balance, end of year	<u>\$ 1,302,788</u>	<u>\$ 1,352,726</u>	<u>\$ 224,738</u>	<u>\$ 2,880,252</u>

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, 2021

Net change in fund balances - total governmental funds \$ 488,137

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
the assets' estimated useful lives through depreciation expense. This is the
amount by which capital outlays charged in the current period exceeded
depreciation expense. 123,944

Donations of land are not reported in the governmental funds; however,
in the Statement of Activities, the value of the land is recognized as revenue 15,000

Expenses for compensated absences reported in the Statement of Activities
do not require the use of current financial resources and therefore are not in
governmental funds (10,988)

Pension expense, which is the change in the net pension liability adjusted
for changes in deferred outflows and inflows of resources related to pensions,
is reported in the Statement of Activities. (39,441)

The Village's proportionate share of non-employer contributions to the
pension plans is reported in the Statement of Activities. 16,192

Change in net position of governmental activities \$ 592,844

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 147,378	\$ 307,936	\$ 7,874	\$ 463,188
Receivables				
Water, sewer, and garbage, net	15,230	18,470	5,407	39,107
Due from other funds	7,307	3,670	1,578	12,555
Prepaid expenses	1,338	-	-	1,338
Total current assets	<u>171,253</u>	<u>330,076</u>	<u>14,859</u>	<u>516,188</u>
Non-current assets:				
Restricted cash and cash equivalents	121,803	101,639	-	223,442
Capital assets, net of accumulated depreciation	973,093	2,742,705	-	3,715,798
Total non-current assets	<u>1,094,896</u>	<u>2,844,344</u>	<u>-</u>	<u>3,939,240</u>
Total assets	<u>1,266,149</u>	<u>3,174,420</u>	<u>14,859</u>	<u>4,455,428</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	21,402	-	-	21,402
Liabilities:				
Current liabilities:				
Accounts payable	4,121	-	5,236	9,357
Accrued liabilities	1,250	2,829	-	4,079
Compensated absences	1,515	-	-	1,515
Due to other funds	13,143	-	-	13,143
Payable from restricted assets:				
Revenue bonds	16,361	31,553	-	47,914
Customer deposits	44,955	26,005	-	70,960
Total current liabilities	<u>81,345</u>	<u>60,387</u>	<u>5,236</u>	<u>146,968</u>
Non-current liabilities:				
Revenue bonds	299,155	1,861,472	-	2,160,627
Net pension liabilities	64,163	-	-	64,163
Total non-current liabilities	<u>363,318</u>	<u>1,861,472</u>	<u>-</u>	<u>2,224,790</u>
Total liabilities	<u>444,663</u>	<u>1,921,859</u>	<u>5,236</u>	<u>2,371,758</u>
Deferred inflows of resources:				
Deferred inflows related to pensions	1,156	-	-	1,156
Net position:				
Net investment in capital assets	657,577	849,680	-	1,507,257
Restricted for revenue bonds	76,848	75,634	-	152,482
Restricted for customer deposits	44,955	26,005	-	70,960
Unrestricted	62,352	301,242	9,623	373,217
Total net position	<u>\$ 841,732</u>	<u>\$ 1,252,561</u>	<u>\$ 9,623</u>	<u>\$ 2,103,916</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Operating Revenues:				
Service fees	\$ 172,777	\$ 211,751	\$ 60,474	\$ 445,002
Delinquent fees	11,938	-	-	11,938
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	184,715	211,751	60,474	456,940
Operating Expenses:				
Salaries and fringe benefits	97,536	-	-	97,536
Depreciation	59,195	101,317	-	160,512
Garbage collection	-	-	61,919	61,919
General and administrative	50,121	12,788	5	62,914
Utilities	10,683	12,615	-	23,298
Repairs and maintenance	14,088	5,434	-	19,522
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	231,623	132,154	61,924	425,701
Operating income (loss)	<hr/> (46,908)	<hr/> 79,597	<hr/> (1,450)	<hr/> 31,239
Non-Operating Revenues (Expenses):				
Capital grants	26,725	32,559	-	59,284
Interest income	266	294	10	570
Other income	2,074	-	-	2,074
Interest and fiscal charges	<hr/> (15,362)	<hr/> (55,674)	<hr/> -	<hr/> (71,036)
Total non-operating revenues (expenses)	<hr/> 13,703	<hr/> (22,821)	<hr/> 10	<hr/> (9,108)
Income (loss) before transfers	(33,205)	56,776	(1,440)	22,131
Net Transfers In (Out)	<hr/> (197,413)	<hr/> (5,440)	<hr/> 2,853	<hr/> (200,000)
Change in net position	(230,618)	51,336	1,413	(177,869)
Net position, beginning of year	<hr/> 1,072,350	<hr/> 1,201,225	<hr/> 8,210	<hr/> 2,281,785
Net position, end of year	<hr/> <u>\$ 841,732</u>	<hr/> <u>\$ 1,252,561</u>	<hr/> <u>\$ 9,623</u>	<hr/> <u>\$ 2,103,916</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 192,701	\$ 218,387	\$ 60,591	\$ 471,679
Payments to suppliers	(74,357)	(31,659)	(61,757)	(167,773)
Payments to employees	(92,716)	-	-	(92,716)
Net cash provided (used) by operating activities	<u>25,628</u>	<u>186,728</u>	<u>(1,166)</u>	<u>211,190</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers	(197,413)	(5,440)	2,853	(200,000)
Proceeds from (replacement of) interfund borrowings	(9,476)	(211)	(98)	(9,785)
Net cash provided (used) by non-capital financing activities	<u>(206,889)</u>	<u>(5,651)</u>	<u>2,755</u>	<u>(209,785)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants received	26,725	32,559	-	59,284
Purchase of capital assets	(57,311)	(32,561)	-	(89,872)
Proceeds from capital debt	-	-	-	-
Principal paid on capital debt	(15,619)	(30,600)	-	(46,219)
Interest paid on capital debt	(15,392)	(55,715)	-	(71,107)
Principal paid on bond anticipation notes	-	-	-	-
Net cash used by capital and related financing activities	<u>(61,597)</u>	<u>(86,317)</u>	<u>-</u>	<u>(147,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	266	294	10	570
Net cash provided by investing activities	<u>266</u>	<u>294</u>	<u>10</u>	<u>570</u>
Net increase (decrease) in cash and cash equivalents	(242,592)	95,054	1,599	(145,939)
Cash and cash equivalents, beginning of year	<u>511,773</u>	<u>314,521</u>	<u>6,275</u>	<u>832,569</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 269,181</u>	<u>\$ 409,575</u>	<u>\$ 7,874</u>	<u>\$ 686,630</u>
CASH AND CASH EQUIVALENTS RECONCILIATION:				
Cash and cash equivalents (unrestricted)	\$ 147,378	\$ 307,936	\$ 7,874	\$ 463,188
Restricted cash and cash equivalents	121,803	101,639	-	223,442
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 269,181</u>	<u>\$ 409,575</u>	<u>\$ 7,874</u>	<u>\$ 686,630</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (46,908)	\$ 79,597	\$ (1,450)	\$ 31,239
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	59,195	101,317	-	160,512
Pension expense	13,969	-	-	13,969
Pension contributions made subsequent to measurement date	(8,677)	-	-	(8,677)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	5,296	4,201	117	9,614
Decrease (increase) in prepaid expenses	147	-	-	147
Increase (decrease) in accounts payable	535	(1,021)	167	(319)
Increase (decrease) in accrued liabilities	(345)	199	-	(146)
Increase (decrease) in compensated absences	(274)	-	-	(274)
Decrease (increase) in customer deposits	2,690	2,435	-	5,125
Net cash provided (used) by operating activities	<u>\$ 25,628</u>	<u>\$186,728</u>	<u>\$ (1,166)</u>	<u>\$211,190</u>
Supplementary disclosure of cash flow information				
Interest paid	<u>\$ 15,392</u>	<u>\$ 55,715</u>	<u>\$ -</u>	<u>\$ 71,107</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Police Chief is appointed by the Mayor. The Village's Board of Aldermen approves the annual budget for the Police Department and dedicates portions of the Village's revenues to fund this department. The Police Department is not legally separate, and, therefore, is a function of the primary government and its operations are reported as a part of the Village's General Fund.

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, *Codification of Governmental Accounting and Financial Reporting Standards*, 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, 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.

Government-Wide and Fund Financial Statements

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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, when applicable, 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 balances 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 from transfers from the Sales Tax Fund, licenses and permits, local taxes, fines and forfeitures, charges for services, and interest income. Expenditures of the General Fund include both general government and public safety.

Sales Tax Fund

The Sales Tax 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 Sales Tax Fund accounts for the collection of three sales tax issues described as follows:

- a) 1982 1% Sales Tax – Proceeds are undesignated as to use.
- b) 1986 1% Sales Tax – Proceeds are undesignated as to use.
- c) 1995 ½ % Sales Tax – Dedicated to providing police protection to the Village.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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, Sales Tax 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:

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

Deposits and Cash Equivalents

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Cash Equivalents (Continued)

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State law R.S. 39:1225 provides that the amount of security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

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.

In addition, local governments in Louisiana are authorized to invest in Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. LAMP invests in obligations issued by the U.S. Government, its agencies, and instrumentalities. LAMP is subject to regulatory oversight of the State Treasurer and its Board of Directors. Audited financial statements are available from LAMP.

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 \$7,348 for the Water Fund, \$5,523 for the Sewer Fund, and \$2,316 for Garbage Fund at June 30, 2021.

Prepaid Items

Prepaid items are recorded in the year the expenditures are accrued using the consumption method.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 an asset's life are not capitalized.

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

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

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

Accumulated Unpaid Vacation Pay

The Village's employees earn vacation time at the rate of two weeks for up to five years of service, three weeks for up to ten years of service, and four weeks for ten years or more of service. Sick leave is earned at a rate of one day per month and can accumulate up to a limit of 480 hours. Sick leave is not payable upon termination, thus no liability is recorded. On December 9, 2019, the Village adopted an ordinance that accrued vacation time will be paid to employees who retire, resign, or are dismissed from employment. The Village has recorded a liability of \$10,988 for Governmental Activities and \$1,515 in the Water Fund at June 30, 2021.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Noncurrent liabilities include estimated amounts for net pension liabilities that will not be paid within the next fiscal year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) and Municipal Police Employees' Retirement System (MPERS) and additions to/deductions from MERS and MPERS fiduciary net position have been determined on the same basis as they are reported by MERS and MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Fund Equity

Government-Wide Financial Statements

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

1. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance 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 “net investment in capital assets.”

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Fund Financial Statements

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

1. *Nonspendable* – Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
2. *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.
3. *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.
4. *Unassigned* – All amounts not included in other spendable classifications.

The Village considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Village also considers assigned fund balances to be spent first when other unrestricted fund balance classifications are available for use. The Village does not have a formal minimum fund balance policy.

Interfund Transactions

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

Use of Estimates

The preparation of financial statements in conformity with 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.

Compliance with Debt Covenants

As of June 30, 2021, the Village was in compliance with the required funding of the Water Utility Bond Reserve Fund, the Water Utility Depreciation & Contingency Fund, and the Sewer Utility Bond Reserve Fund.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. 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 \$3,107,109 (including \$448,180 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, 2021, the Village had \$3,135,408 in interest and non-interest bearing demand deposits. These deposits are fully secured from risk by federal deposit insurance of \$250,000 and \$4,074,306 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

At June 30, 2021, cash equivalents of \$243,738 consisted of local government pooled investments maintained by Louisiana Asset Management Pool, Inc. (LAMP). 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 LA R.S. 33:2955.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. CASH AND CASH EQUIVALENTS (Continued)

- 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 or 762 days for U.S. Government floating/variable rate investments. The WAM (to reset) and the WAM (to final) for LAMP's total investments was 53 days and 82 days, respectively, at June 30, 2021.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. 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.

3. UTILITY ACCOUNTS RECEIVABLE

At June 30, 2021, the Village had the following utility receivable and corresponding allowance for doubtful accounts in its proprietary funds:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Garbage</u> <u>Fund</u>
Receivable	\$ 22,578	\$ 23,993	\$ 7,723
Allowance for Doubtful Accounts	(7,348)	(5,523)	(2,316)
Receivable, net	\$ 15,230	\$ 18,470	\$ 5,407

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Completed Construction	Balance June 30, 2021
<u>Governmental Activities</u>					
Capital assets not being depreciated:					
Land	\$ 270,000	\$ 15,000	\$ -	\$ -	\$ 285,000
Capital assets being depreciated:					
Buildings and improvements	223,290	39,550	-	-	262,840
Equipment, furniture, and vehicles	473,333	7,016	-	-	480,349
Street improvements	150,600	144,178	-	-	294,778
Total capital assets being depreciated	847,223	190,744	-	-	1,037,967
Less accumulated depreciation for:					
Buildings and improvements	(208,271)	(7,361)	-	-	(215,632)
Equipment, furniture, and vehicles	(307,804)	(42,892)	-	-	(350,696)
Street improvements	(1,631)	(16,547)	-	-	(18,178)
Total accumulated depreciation	(517,706)	(66,800)	-	-	(584,506)
Total capital assets being depreciated	329,517	123,944	-	-	453,461
Total Governmental Activities	\$ 599,517	\$ 138,944	\$ -	\$ -	\$ 738,461
<u>Business-Type Activities</u>					
Capital assets not being depreciated:					
Land	\$ 14,350	\$ -	\$ -	\$ -	\$ 14,350
Construction in progress - sewer	695,351	32,561	-	(727,912)	-
Total capital assets not being depreciated	709,701	32,561	-	(727,912)	14,350
Capital assets being depreciated:					
Water system and equipment	2,210,652	57,311	-	-	2,267,963
Sewer system and equipment	2,790,453	-	-	727,912	3,518,365
Total capital assets being depreciated	5,001,105	57,311	-	727,912	5,786,328
Less accumulated depreciation for:					
Water system and equipment	(1,250,025)	(59,195)	-	-	(1,309,220)
Sewer system and equipment	(674,343)	(101,317)	-	-	(775,660)
Total accumulated depreciation	(1,924,368)	(160,512)	-	-	(2,084,880)
Total capital assets being depreciated, net	3,076,737	(103,201)	-	727,912	3,701,448
Total Business-Type Activities	\$ 3,786,438	\$ (70,640)	\$ -	\$ -	\$ 3,715,798

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. CAPITAL ASSETS (Continued)

Depreciation was charged to programs as follows:

Governmental Activities:	
General government	\$ 8,982
Public safety	23,242
Public works	<u>34,576</u>
Total	<u>\$ 66,800</u>
Business-Type Activities:	
Water	\$ 59,195
Sewer	<u>101,317</u>
Total	<u>\$ 160,512</u>

5. PENSION PLANS

Village employees are eligible to be members of either Municipal Employees' Retirement System of Louisiana or Municipal Police Employees' Retirement System.

Municipal Employees' Retirement System

Plan Description

The Village provides pension benefits for substantially all full-time employees through the Municipal Employees' Retirement System of Louisiana, Plan B. The retirement system is a cost-sharing, multiple-employer, statewide retirement system which is administered and controlled by a separate board of trustees. It provides retirement, disability, and survivor benefits to participating, eligible-employees. For the year ended June 30, 2020, there were 88 contributing municipalities in Plan A and 68 in Plan B.

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

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Retirement Benefits

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

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

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 final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B who was hired on or after January 1, 2003 (Tier 2) can retire providing the member meets one of the following criteria:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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.

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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 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.

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, 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: (1) an amount equal to 2% of his final compensation multiplied by his years of creditable service, but not less than 30% of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Cost-of-Living Increases (Continued)

sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost-of-living increases 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.

Deferred Benefits

Plan B provides 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.

Contributions

Contributions for all members are established by state statute. Member contributions are at 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted to Municipal Employees' Retirement System by the Village.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2021, the employer contribution rate was 15.50% of member's earnings for Plan B.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Administrative costs of the System are financed through employer contributions.

The Village's employer contributions to Municipal Employees' Retirement System for the year ended June 30, 2021, were \$31,086, and were equal to the required contributions for each year. Revenue recognized for contributions funded by the State of Louisiana amounted to \$7,053 for the year ended June 30, 2021.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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

At June 30, 2021, the Village reported a liability of \$229,847 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Village's proportion was 0.253631%, which was an increase of 0.021928% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Village recognized pension expense of \$41,802 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$7,966.

At June 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,788	\$ -	\$ 1,080
Changes in assumptions	5,134	-	1,988	-
Net difference between projected and actual earnings of pension plan investments	17,985	-	6,965	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,902	194	3,875	76
Employer contributions subsequent to measurement date	22,512	-	8,574	-
	<u>\$ 55,533</u>	<u>\$ 2,982</u>	<u>\$ 21,402</u>	<u>\$ 1,156</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resource Related to Pensions (Continued)

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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending:</u>	
June 30, 2022	\$ 19,744
June 30, 2023	12,814
June 30, 2024	5,603
June 30, 2025	3,550
	<u>\$ 41,711</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefits 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, 2020, are as follows:

	<u>Plan B</u>
Total Pension Liability	\$ 681,245
Less: Plan Fiduciary Net Position	<u>451,398</u>
Total Net Pension Liability	<u>\$ 229,847</u>

A summary of the actuarial methods and assumptions used in determining the total net pension liability in the June 30, 2020, valuation, are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Inflation Rate	2.50%
Investment Rate of Return	6.95%, net of pension plan investment expense, including inflation
Salary Increases, including Inflation and Merit Increases	1 to 4 years of service – 7.4% - Plan B More than 4 years of service – 4.9% - Plan B
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Cost-of-Living Adjustments	The present value of the future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.00% for the year ended June 30, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020, are summarized in the following table:

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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 effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. +

The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Sensitivity to Changes in Discount Rate

The following represents the net pension liability of the Village calculated using the discount rate of 6.95%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current discount rate (assuming all other assumptions remain unchanged):

	1% Decrease <u>(5.95%)</u>	Discount Rate <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 305,969</u>	<u>\$ 229,847</u>	<u>\$ 165,437</u>

Retirement System Audit Report

Municipal Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. Access to the audit report can be found on the System's website: www.mersla.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plan

At June 30, 2021, there was \$1,382 payable to MERS for June 2021 employee and employer legally-required contributions.

Municipal Police Employees' Retirement System

Plan Description

The Village provides pension benefits for substantially all full-time employees of the Village of Folsom Police Department 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Plan Description (Continued)

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.

Retirement Benefits

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 of 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 $3\frac{1}{3}\%$ 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 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to 10% of the member's average final compensation or \$200 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Retirement Benefits (Continued)

Membership Commencing January 1, 2013 (Continued)

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

Cost-of-Living Adjustments

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

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

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Deferred Retirement Option Plan (Continued)

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 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.

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, 2021, the contribution rates were as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Members hired prior to 1/1/2013	10.00%	33.75%	43.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	33.75%	43.75%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	33.75%	41.75%
Members whose earnable compensation is less than poverty guidelines	7.50%	36.25%	43.75%

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Employer Contributions (Continued)

The Village of Folsom's employer contributions to the Municipal Police Employees' Retirement System for the year ended June 30, 2021, were \$55,439, and were equal to the required contributions 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, 2021, and excluded from pension expense. Revenue recognized for non-contributing entity contributions amounted to \$11,108 for the year ended June 30, 2021.

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

At June 30, 2021, the Village reported a liability of \$470,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Village's proportion was 0.050959%, which was an increase of 0.003787% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Village recognized pension expense of \$80,700 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$4,918.

At June 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,552
Changes in assumptions	11,191	11,623
Net difference between projected and actual earnings on pension plan investments	66,942	10,439
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,133	8,275
Employer contributions subsequent to measurement date	55,439	-
	<u>\$ 163,705</u>	<u>\$ 48,889</u>

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

<u>Year Ended:</u>	
June 30, 2022	\$ 4,058
June 30, 2023	26,246
June 30, 2024	18,342
June 30, 2025	10,731
	<u>\$ 59,377</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefits 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, 2020, are as follows:

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Total Pension Liability	\$ 1,620,988
Less: Plan Fiduciary Net Position	1,150,013
Total Net Pension Liability	\$ 470,975

The actuarial assumptions used in the June 30, 2020, valuation were based on the assumptions used in the June 30, 2020, actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 – 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 in the June 30, 2020, valuation are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.95% net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.50%	
Salary Increases, including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.	
	For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.	

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Mortality (Continued) For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

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.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Return		7.19%

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total pension liability was 6.95%. 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 represents the net pension liability of the Village calculated using the discount rate of 6.95%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.95% or one percentage higher 7.95% than the current rate.

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension liability	\$ 661,677	\$ 470,975	\$ 311,565

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, 2020. 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.

Payables to the Pension Plan

At June 30, 2021, there was \$351 payable to MPERS for June 2021 employee and employer legally-required contributions.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

6. INSURANCE COVERAGE

The following is a summary of the insurance coverage maintained by the Village for the fiscal year ended June 30, 2021:

<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Coverage</u>	
Commercial Property	1/1/2021 to 1/1/2022	Town Hall	\$ 581,874
		Water and Sewer	106,714
		Police Department	327,836
Fidelity Bond	12/15/2020 to 12/15/2021	Mayor	40,000
	12/15/2020 to 12/15/2021	Alderman & Mayor Pro Tem	40,000
	12/15/2020 to 12/15/2021	Alderwoman	40,000
	12/15/2020 to 12/15/2021	Municipal Clerk	65,000
	12/15/2020 to 12/15/2021	Utility Clerk	65,000
	12/15/2020 to 12/15/2021	Planning & Zoning Clerk	65,000
	12/15/2020 to 12/15/2021	Police Secretary	5,000
Workers' Compensation	1/1/2021 to 1/1/2022	Police Chief	5,000
		Policy Limit	Statutory
Automotive Liability	2/1/2021 to 2/1/2022		500,000
Commerical General Liability	2/1/2021 to 2/1/2022	Aggregate and Each	500,000
Law Enforcement Officer	2/1/2021 to 2/1/2022		500,000
Errors and Omissions	2/1/2021 to 2/1/2022		500,000

7. UTILITY RATES

The following is a summary of the utility rates in effect for the fiscal year ended June 30, 2021:

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

7. UTILITY RATES (Continued)

Sewer - Residential		
Up to 2,000 Gallons		\$ 35.00
Over 2,000 Gallons	Additional \$5.00 per Thousand	
Sewer - Commercial		
Up to 2,000 Gallons		\$ 60.00
Over 2,000 Gallons	Additional \$8.00 per Thousand	
Sewer - Residential		
Unmetered (No Water)		Fixed Rate of \$30.00
Sewer - Commercial		
Unmetered (No Water)		Fixed Rate of \$50.00
Garbage		Fixed Rate of \$18.50

At June 30, 2021, the Village served the following customers:

Water	627
Sewer	295
Garbage	277
Total	1,199

8. 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, 2021:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>	<u>Amounts Due</u> <u>Within One Year</u>
Revenue Bonds:				
Balance at July 1, 2020	\$ 331,135	\$ 1,923,625	\$ 2,254,760	
Bonds Issued	-	-	-	
Bonds Retired	(15,619)	(30,600)	(46,219)	
Balance at June 30, 2021	\$ 315,516	\$ 1,893,025	\$ 2,208,541	\$ 47,914

The revenue bonds are considered to be direct placements. The Village will be in default if it fails to pay principal or interest when due on the revenue bonds. In the event of default, the owners of the bonds shall be entitled to exercise all rights and powers for which provision is made under Louisiana law.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

8. LONG-TERM LIABILITIES (Continued)

Revenue Bond:

\$550,000 Utility Bonds dated 3/15/99: purchased by USDA - Rural Utilities Services, 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.

\$ 315,516

Revenue Bond:

\$250,000 Utility Bonds dated 9/9/02: purchased by USDA - Rural Utilities Services, due in monthly installments of \$1,135, with interest at 4.50% per annum through April 2044, secured by the revenues of the Sewer Fund.

\$ 179,771

Revenue Bond:

\$1,761,000 Utility Bonds dated 7/11/19: purchased by USDA - Rural Utilities Services, due in monthly installments of \$6,058, with interest at 2.75% per annum through July 2059, secured by the revenues of the Sewer Fund.

\$ 1,713,254

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

	<u>Water Fund</u>		<u>Sewer Fund</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 16,361	\$ 14,651	\$ 31,553	\$ 54,763	\$ 47,914	\$ 69,414
2023	17,155	13,857	32,535	53,782	49,690	67,639
2024	17,988	13,024	33,548	52,768	51,536	65,792
2025	18,861	12,151	34,594	51,722	53,455	63,873
2026	19,777	11,235	35,674	50,643	55,451	61,878
2027-2031	114,253	40,807	195,857	235,723	310,110	276,530
2032-2036	111,121	11,001	228,744	202,836	339,865	213,837
2037-2041	-	-	268,351	164,088	268,351	164,088
2042-2046	-	-	237,221	126,259	237,221	126,259
2047-2051	-	-	272,145	91,235	272,145	91,235
2052-2056	-	-	312,211	51,269	312,211	51,269
2057-2061	-	-	210,592	9,115	210,592	9,115
Total	<u>\$ 315,516</u>	<u>\$ 116,726</u>	<u>\$ 1,893,025</u>	<u>\$ 1,144,203</u>	<u>\$ 2,208,541</u>	<u>\$ 1,260,929</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

8. LONG-TERM LIABILITIES (Continued)

The following is a summary of the changes in the Village of Folsom’s compensated absences for the year ended June 30, 2021:

	Balance			Balance	Amounts
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within</u>
					<u>One Year</u>
Compensated absences	\$ 17,231	\$ 330	\$ (5,058)	\$ 12,503	\$ 12,503

9. INTERFUND RECEIVABLE/PAYABLE

The primary purpose of interfund receivables/payables is to loan monies from the General Fund to individual funds to cover current expenditures. The composition of interfund balances at June 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sales Tax Fund	\$ 13,284
	Water Fund	7,895
Water Fund	Sales Tax Fund	7,307
Sewer Fund	Water Fund	3,670
Garbage Fund	Water Fund	1,578
		<u>\$ 33,734</u>

10. 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. A summary of interfund transfers at June 30, 2021, is as follows:

	General Fund	Streets & Drainage Fund	Water Fund	Garbage Fund	Total
Transfer Out:					
Sales Tax Fund	\$ 648,566	\$ 132,781	\$ -	\$ -	\$ 781,347
Streets & Drainage Fund	-	-	-	-	-
Water Fund	200,000	-	-	2,853	202,853
Sewer Fund	-	-	5,440	-	5,440
Garbage Fund	-	-	-	-	-
	<u>\$ 848,566</u>	<u>\$ 132,781</u>	<u>\$ 5,440</u>	<u>\$ 2,853</u>	<u>\$ 989,640</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

11. RESTRICTED ASSETS

Governmental Funds

The Village entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective April 1, 2013, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for public works that benefit the areas within a specified growth management area located in Sales Tax District No. 3. As of June 30, 2021, \$224,738 was restricted under this agreement.

Proprietary Funds

On September 9, 2002, the Village issued \$250,000 of Sewer Utility Revenue Bonds, on March 15, 2000, the Village issued \$550,000 of Water Utility Revenue Bonds, and on July 11, 2019, the Village issued \$1,761,000 of Sewer Utility Revenue Bonds. The proceeds of these bonds, along with grants from the U.S. Department of Agriculture, were used to fund sewer and water system improvements. The bond resolutions of these issues require the Village to restrict and maintain the following funds:

Revenue Bond Sinking Fund

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

Revenue Bond Reserve Fund

The Village is required to deposit monthly \$360 into the Sewer Fund and \$129 into the Water Fund until a reserve amount equal to the highest annual debt service amount (principal and interest) is obtained. The monthly reserve payment into the Sewer Fund is \$360 from July 7, 2019, through March 20, 2043, and the monthly reserve payment into the Sewer Fund is \$303 from April 20, 2043 through June 20, 2059, until \$86,316 is on deposit. These funds are restricted to be used to pay bonds in case of default. As of June 30, 2021, the requirements had been met for the Water and Sewer Funds.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the systems. Regular monthly deposits of \$57 in the Sewer Fund and \$129 into the Water Fund are to be made with the regularly designated fiscal agent of the Village. As of June 30, 2021, the requirements had been met for the Water and Sewer Funds.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

12. RISK MANAGEMENT AND CONTINGENT LIABILITIES

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the Village carried insurance through various commercial carriers to cover all risk of losses. The Village has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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

13. CONSTRUCTION COMMITMENTS

At June 30, 2021, the Village had several active construction contracts related to the sewer improvement project. The remaining commitments on these are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Change Orders</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sewer Improvement - Contract B	\$ 537,352	\$ 48,825	\$ 586,177	\$ -
Sewer Improvement - Contract B Engineering	141,725	-	141,725	-
Total	<u>\$ 679,077</u>	<u>\$ 48,825</u>	<u>\$ 727,902</u>	<u>\$ -</u>

14. ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

Supplemental salary payments are made by the State of Louisiana directly to certain groups of employees. The Village is not legally responsible for these payments. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For the year ended June 30, 2021, the State paid supplemental salaries to police employees of the Village. The Village is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments. For the year ended June 30, 2021, the Village has recognized \$21,693 as a revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

15. PRIOR PERIOD ADJUSTMENTS

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position and the beginning fund balance of the Sales Tax Fund have been restated to record prior period adjustment for June 2020 sales tax collections not accrued in the year ended June 30, 2020. A reconciliation of the prior period ending net position to the current year ending net position for the Governmental Activities and a reconciliation of the prior period ending fund balance to the current year beginning fund balance for the Sales Tax Fund is as follows:

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

15. PRIOR PERIOD ADJUSTMENTS (Continued)

	<u>Net Position, as Previously Reported</u>	<u>Sales Tax Collection Restatement</u>	<u>Net Position, as Restated</u>
Governmental Activities:			
Total Net Position	\$ 2,464,478	\$ 81,111	\$ 2,545,589
Total Governmental Activities	<u>\$ 2,464,478</u>	<u>\$ 81,111</u>	<u>\$ 2,545,589</u>
	<u>Fund Balance, as Previously Reported</u>	<u>Sales Tax Collection Restatement</u>	<u>Fund Balance, as Restated</u>
Sales Tax Fund:			
Fund Balance	\$ 1,161,973	\$ 81,111	\$ 1,243,084
Total Sales Tax Fund	<u>\$ 1,161,973</u>	<u>\$ 81,111</u>	<u>\$ 1,243,084</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Franchise taxes	\$ 59,900	\$ 59,900	\$ 58,935	\$ (965)
Other	7,000	7,000	9,556	2,556
Insurance licenses	68,000	68,000	75,384	7,384
Licenses and permits	58,900	58,900	62,111	3,211
Grant revenues	-	-	-	-
Other revenues	700	700	23,716	23,016
Fines and forfeitures	16,000	16,000	24,558	8,558
Interest income	1,400	1,600	908	(692)
Total revenues	<u>211,900</u>	<u>212,100</u>	<u>255,168</u>	<u>43,068</u>
Expenditures:				
Current:				
General government	301,200	301,200	293,225	7,975
Public safety	374,100	374,100	366,533	7,567
Capital outlay	-	200,000	46,566	153,434
Total expenditures	<u>675,300</u>	<u>875,300</u>	<u>706,324</u>	<u>168,976</u>
Deficiency of revenues under expenditures	<u>(463,400)</u>	<u>(663,200)</u>	<u>(451,156)</u>	<u>212,044</u>
Other financing sources:				
Operating transfers	<u>545,000</u>	<u>746,094</u>	<u>848,566</u>	<u>102,472</u>
Total other financing sources	<u>545,000</u>	<u>746,094</u>	<u>848,566</u>	<u>102,472</u>
Net change in fund balance	<u>\$ 81,600</u>	<u>\$ 82,894</u>	<u>397,410</u>	<u>\$ 314,516</u>
Fund balance, beginning of year			<u>905,378</u>	
Fund balance, end of year			<u>\$ 1,302,788</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
General Government:				
Salaries and wages	\$ 115,000	\$ 115,000	\$ 114,156	\$ 844
Overtime	500	500	379	121
Payroll tax expense	8,800	8,800	9,317	(517)
Employees pension plan	13,000	13,000	13,086	(86)
Employee benefits - hospital and life	17,000	17,000	20,181	(3,181)
Building inspection fees	8,200	8,200	5,050	3,150
Dues and subscriptions	1,000	1,000	335	665
Insurance	20,000	20,000	29,307	(9,307)
Professional - computer	4,500	4,500	8,674	(4,174)
Auditors	17,500	17,500	15,453	2,047
Legal fees	10,000	10,000	9,216	784
Accountant	30,000	30,000	30,000	-
Municode	2,200	2,200	550	1,650
Office supplies	8,000	8,000	8,139	(139)
Community events	5,000	5,000	-	5,000
Payroll expenses	3,000	3,000	4,914	(1,914)
Publications	5,800	5,800	885	4,915
Repairs and maintenance	6,500	6,500	5,121	1,379
Xerox	2,400	2,400	1,575	825
Seminars / meetings	3,800	3,800	2,735	1,065
Supplies	6,400	6,400	531	5,869
Telephone - wireless	1,500	1,500	1,903	(403)
Telephone - landline	1,500	1,500	360	1,140
Internet	1,500	1,500	3,065	(1,565)
Other expenses	1,100	1,100	2,601	(1,501)
Utilities expense	7,000	7,000	5,692	1,308
Total General Government	\$ 301,200	\$ 301,200	\$ 293,225	\$ 7,975

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Public Safety:				
Salaries and wages	\$ 185,000	\$ 185,000	\$ 190,468	\$ (5,468)
Holiday double time	9,000	9,000	6,769	2,231
Overtime	1,000	1,000	2,961	(1,961)
Retirement expenses	57,000	57,000	54,835	2,165
Payroll taxes	6,500	6,500	7,149	(649)
Employee benefits - hospital and life	48,000	48,000	44,491	3,509
Equipment	2,000	2,000	2,546	(546)
Radio equipment	4,000	4,000	3,737	263
Fuel	9,500	9,500	6,052	3,448
LA law enforcement fees	1,300	1,300	1,009	291
DHH-TH/SCI T.F.	150	150	195	(45)
Florida Parishes Juvenile Justice	600	600	440	160
C.M.I.S. fees	150	150	93	57
Crimestoppers	200	200	176	24
Insurance	3,400	3,400	3,039	361
Insurance - Liability and W/C	25,000	25,000	20,217	4,783
Telephone	7,000	7,000	6,837	163
Legal and professional	4,000	4,000	461	3,539
Repairs and maintenance	2,500	2,500	5,229	(2,729)
Office supplies	2,000	2,000	2,853	(853)
Supplies, equipment, and uniforms	2,000	2,000	3,637	(1,637)
Utilities	3,000	3,000	2,909	91
Training	800	800	430	370
Total Public Safety	<u>\$ 374,100</u>	<u>\$ 374,100</u>	<u>\$ 366,533</u>	<u>\$ 7,567</u>

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Sales and use	\$ 836,000	\$ 836,000	\$ 997,449	\$ 161,449
Grant revenues	-	-	3,800	3,800
Other revenues	-	-	-	-
Interest income	4,800	4,800	1,017	(3,783)
Total revenues	<u>840,800</u>	<u>840,800</u>	<u>1,002,266</u>	<u>161,466</u>
Expenditures:				
Public works:				
Salaries and wages	64,000	64,000	60,096	3,904
Overtime	7,200	7,200	8,818	(1,618)
Payroll taxes	5,500	5,500	4,624	876
Employees pension plan	10,000	10,000	9,425	575
Employee benefits - hospital and life	16,200	16,200	14,926	1,274
Bank service charges	200	200	180	20
Office supplies	100	100	-	100
Insurance	5,000	5,000	2,390	2,610
Street lighting	13,500	13,500	10,818	2,682
Total expenditures	<u>121,700</u>	<u>121,700</u>	<u>111,277</u>	<u>10,423</u>
Excess of revenues over expenditures	<u>719,100</u>	<u>719,100</u>	<u>890,989</u>	<u>171,889</u>
Other financing sources (uses):				
Operating transfers	<u>(656,000)</u>	<u>(656,000)</u>	<u>(781,347)</u>	<u>(125,347)</u>
Total other financing sources (uses)	<u>(656,000)</u>	<u>(656,000)</u>	<u>(781,347)</u>	<u>(125,347)</u>
Net change in fund balance	<u>\$ 63,100</u>	<u>\$ 63,100</u>	109,642	<u>\$ 46,542</u>
Fund balance, beginning			<u>1,161,973</u>	
Fund balance, ending			<u>\$1,271,615</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - STREETS AND DRAINAGE FUND
 FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Interest income	\$ 350	\$ 350	\$ 160	\$ (190)
Total revenues	<u>350</u>	<u>350</u>	<u>160</u>	<u>(190)</u>
Expenditures:				
Public works:				
Office supplies	200	200	-	200
Repairs and maintenance	15,000	15,000	6,064	8,936
Supplies	2,100	2,100	1,614	486
Equipment	4,500	4,500	-	4,500
Capital outlay	210,000	210,000	144,178	65,822
Total expenditures	<u>231,800</u>	<u>231,800</u>	<u>151,856</u>	<u>79,944</u>
Deficiency of revenues over expenditures	<u>(231,450)</u>	<u>(231,450)</u>	<u>(151,696)</u>	<u>79,754</u>
Other financing sources (uses)				
Operating transfers	<u>111,000</u>	<u>111,000</u>	<u>132,781</u>	<u>21,781</u>
Total other financing sources (uses)	<u>111,000</u>	<u>111,000</u>	<u>132,781</u>	<u>21,781</u>
Net change in fund balance	<u>\$ (120,450)</u>	<u>\$ (120,450)</u>	<u>(18,915)</u>	<u>\$ 101,535</u>
Fund balance, beginning			<u>243,653</u>	
Fund balance, ending			<u>\$ 224,738</u>	

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE EIGHT YEARS ENDED JUNE 30, 2021
(Unaudited)

<u>Municipal Employees' Retirement System:</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Employer's proportion of net pension liability	0.288511%	0.280161%	0.223993%	0.212602%	0.239184%	0.220627%	0.231703%	0.253631%
Employer's proportionate share of net pension liability	158,525	131,535	152,236	176,227	206,951	186,613	202,697	229,847
Employer's covered payroll	186,800	188,329	156,357	156,150	177,538	163,499	177,343	196,292
Employer's proportionate share of net pension liability as a percentage of its covered payroll	85%	70%	97%	113%	117%	114%	114%	117%
Plan fiduciary net position as a percentage of the total pension liability	85.00%	76.94%	68.71%	63.34%	62.49%	65.60%	66.14%	66.26%
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
<u>Municipal Police Employees' Retirement System:</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Employer's proportion of net pension liability	0.036226%	0.037933%	0.037681%	0.048439%	0.050092%	0.045075%	0.047172%	0.050959%
Employer's proportionate share of net pension liability	289,389	237,312	295,151	454,010	437,326	381,067	428,398	470,975
Employer's covered payroll	107,589	98,318	99,905	135,416	142,898	133,021	147,203	160,199
Employer's proportionate share of net pension liability as a percentage of its covered payroll	269%	241%	295%	335%	306%	286%	291%	294%
Plan fiduciary net position as a percentage of the total pension liability	66.71%	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%	70.94%
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020

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 accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
FOR THE EIGHT YEARS ENDED JUNE 30, 2021
(Unaudited)

Municipal Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 16,479	\$ 16,479	\$ -	\$ 188,329	8.75%
2015	14,894	14,894	-	156,357	9.53%
2016	14,834	14,834	-	156,150	9.50%
2017	19,515	19,515	-	177,538	11.00%
2018	21,664	21,664	-	163,499	13.25%
2019	24,828	24,828	-	177,343	14.00%
2020	27,518	27,481	37	196,292	14.00%
2021	31,086	31,086	-	200,557	15.50%

Municipal Police Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 30,479	\$ 30,933	\$ (454)	\$ 98,318	31.46%
2015	30,921	30,948	(27)	99,905	30.98%
2016	39,948	39,948	-	135,416	29.50%
2017	45,370	45,370	-	142,898	31.75%
2018	40,904	40,904	-	133,021	30.75%
2019	47,473	47,473	-	147,203	32.25%
2020	52,065	52,065	-	160,199	32.50%
2021	55,439	55,439	-	164,263	33.75%

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

See accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2021
(Unaudited)

Municipal Employees' Retirement System:

Changes in Benefit Terms:

Measurement Date – June 30, 2014 – None

Measurement Date – June 30, 2015 – None

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017 – None

Measurement Date – June 30, 2018 – None

Measurement Date – June 30, 2019 – None

Measurement Date – June 30, 2020 – None

Changes in Assumptions:

Measurement Date – June 30, 2014 – None

Measurement Date – June 30, 2015:

1. Amounts reported in the actuary valuation dated June 30, 2015, for MERS reflect an adjustment in the discount rate, the inflation rate, projected salary increases, and the mortality rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.75% to 7.5% in 2015. The inflation rate for MERS was lowered from 3.00% to 2.875% in 2015. The projected salary increase assumption was lowered from 5.75% to 5% in 2015. The mortality rate assumption was changed from set based upon aggregated data collected for the period July 1, 2006 to June 30 2010, to set based upon aggregated data collected for the period July 1, 2009 to June 30, 2014, for the year ended June 30, 2014.

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017:

1. Amounts reported in the actuary valuation dated June 30, 2017, for MERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.5% to 7.4% in 2017. The inflation rate included in salary increases was lowered from 2.875% to 2.775% in 2017.

Measurement Date – June 30, 2018:

1. Amounts reported in the actuary valuation dated June 30, 2018, for MERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.4% to 7.275% in 2018. The inflation rate included in salary increases was lowered from 2.775% to 2.6%.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
 EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2021
 (Unaudited)

Municipal Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2019:

1. Amounts reported in the actuary valuation dated June 30, 2019, for MERS reflect an adjustment in the discount rate, the inflation rate, projected salary increases, and the mortality rate assumptions used to measure the total pension liability. The discount rate for MERS was lowered from 7.275% to 7.00% in 2019. The inflation rate for MERS was lowered from 2.60% to 2.50% in 2019. The projected salary increase assumption was increased from 5.00% to 7.40% for participants with 1 to 4 years of service and lowered from 5.00% to 4.90% for participants with more than 4 years of service in 2019. The mortality rate assumptions were updated in 2019 and are detailed in the below table.

	June 30, 2019	June 30, 2018
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 by Scale AA.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	RP-2000 Employee Sex Distinct Table set back 2 years for both males females.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

Measurement Date – June 30, 2020:

1. Amounts reported in the actuary valuation dated June 30, 2020, for MERS reflect an adjustment in the discount rate to measure the total pension liability. The discount rate for MERS was lowered from 7.00% to 6.95% in 2020.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
 EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2021
 (Unaudited)

Municipal Police Employees' Retirement System:

Changes in Benefit Terms:

Measurement Date – June 30, 2014:

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

Measurement Date – June 30, 2015 – None

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017 – None

Measurement Date – June 30, 2018 – None

Measurement Date – June 30, 2019 – None

Measurement Date – June 30, 2020 – None

Changes in Assumptions:

Measurement Date – June 30, 2014:

1. 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 changes in assumptions and benefits at fifteen years.

Measurement Date – June 30, 2015:

1. Amounts reported in the actuary valuation dated June 30, 2015, for MPERS reflect an adjustment in the discount rate, the inflation rate, the mortality rate, and projected salary increases used to measure the total pension liability. The discount rate was lowered from 7.75% to 7.5% in 2015. The inflation rate was lowered from 3.00% to 2.875% in 2015. The mortality rate assumption was changed from set based upon the results of an actuarial study for the period July 1, 2003 to June 30, 2008, to set based upon the results of an actuarial study for the period July 1, 2010 to June 30, 2014, for the year ended June 30, 2014. Projected salary changes were as follows:

Years of Service	June 30, 2015 Salary Growth Rate	June 30, 2014 Salary Growth Rate
1	9.75%	10.00%
2	9.75%	6.00%
3 - 19	4.75%	4.30%
20 - 23	4.75%	5.50%
24 - 29	4.25%	5.50%
30 & Over	4.25%	4.00%

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
 EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2021
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017:

1. Amounts reported in the actuary valuation dated June 30, 2017, for MPERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate for MPERS was 7.5% to 7.325% in 2017. The inflation rate included in salary increases was lowered from 2.875% to 2.7% in 2017.

Measurement Date – June 30, 2018:

1. Amounts reported in the actuary valuation dated June 30, 2018, for MPERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate was lowered from 7.325% to 7.2% in 2018. The inflation rate included in salary increases was lowered from 2.7% to 2.6% in 2018.

Measurement Date – June 30, 2019

1. Amounts reported in the actuary valuation dated June 30, 2019, for MPERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate was lowered from 7.2% to 7.125% in 2019. The inflation rate included in salary increases was lowered from 2.6% to 2.5% in 2019.

Measurement Date – June 30, 2020:

1. Amounts reported in the actuary valuation dated June 30, 2020, for MPERS reflect an adjustment in the discount rate to measure the total pension liability. The discount rate was lowered from 7.125% to 6.950% in 2020. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019. Projected salary changes were as follows:

Years of Service	June 30, 2020 Salary Growth Rate	June 30, 2019 Salary Growth Rate
1 - 2	12.30%	9.75%
3 - 23	4.70%	4.75%
Over 23	4.70%	4.25%

VILLAGE OF FOLSOM, LOUISIANA
 SCHEDULE OF COMPENSATION PAID TO GOVERNING BOARD
FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

Governing Boardmember	Compensation
Lance Willie Mayor 116 Keeneland Place #20 Folsom, LA 70437	\$ 9,600
Jill Mathies Alderwoman 396 Village Farms Lane Folsom, LA 70437	7,300
George Garrett Alderman 419 Village Farms Lane Folsom, LA 70437	7,300
Shawn Dillon Alderman 82414 Austin Street Folsom, LA 70437	<u>7,200</u>
Total	<u>\$ 31,400</u>

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, OR OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Agency Head Name: Mayor Lance Willie – July 01, 2020 to June 30, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,600
Reimbursements	-
Travel	-
	<u>\$ 9,600</u>

VILLAGE OF FOLSOM, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2021

(Unaudited)

	First Six Month Period Ended <u>12/31/2020</u>	Second Six Month Period Ended <u>06/30/2021</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected	\$ 119	\$ 295
Add: Collections		
Criminal Court Costs/Fees	685	1,485
Subtotal Collections	<u>685</u>	<u>1,485</u>
Less: Disbursements To Governments & Nonprofits:		
Crimestoppers, Inc. - Court Costs / Fees	52	136
Florida Parishes Juvenile Justice Commission Juvenile Detention Center Operations Fund - Court Costs / Fees	130	340
Louisiana Commission on Law Enforcement Crime Victims Reparations Fund - Court Costs / Fees	195	510
Louisiana Commission on Law Enforcement Drug Abuse Education and Treatment Fund - Court Costs / Fees	-	-
Louisiana Commission on Law Enforcement POST Law Enforcement Training and Assistance Fund - Court Costs / Fees	52	136
Louisiana Department of Health and Hospitals Traumatic Head and Spinal Injury Trust Fund - Court Costs / Fees	45	160
Louisiana Supreme Court Louisiana Judicial College Collections - Court Costs / Fees	9	17
State of Louisiana Treasurer - Trial Court Management Information System - Court Costs / Fees	<u>26</u>	<u>68</u>
Subtotal Disbursements/Retainage	<u>509</u>	<u>1,367</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 295</u>	<u>\$ 413</u>



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

December 30, 2021

To the Honorable Lance Willie
and Members of the Board of Aldermen
Village of Folsom, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana (the Village), as of and for the year ended June 30, 2021, 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, 2021.

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) 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 the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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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 purposes 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as 2021-01 through 2021-03.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS
FOR YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS:

1. Type of Report Issued – Unmodified
2. Internal Control Over Financial Reporting
 - a. Material Weaknesses – No
 - b. Significant Deficiencies – No
3. Noncompliance Material to the Financial Statements – No
4. Noncompliance with Laws and Regulations – Yes (2021-01 to 2021-03)
5. Management Letter Issued – No

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS:

Finding 2021-01:

Criteria: In general, political subdivisions and elected officials shall publish a notice that states that the proposed budget is available for public inspection and explains when the public hearing will occur. The notice is to be published in the official journal and shall state that: (1) the proposed budget is available for public inspection, (2) a public hearing on the proposed budget shall be held, and (3) the date, time, and place of hearing. The notice shall be published at least 10 days prior to the date of the first public hearing.

Condition and Cause: During our audit, we noted that documentation was not maintained of a separate notice that was published in the official journal of the Village of Folsom stating that the proposed FY 2020-21 budget was available for public inspection, that a public hearing on the proposed FY 2020-21 was to be held, and the date, time, and place of hearing. The Board of Aldermen held a Special Meeting on June 2, 2020 to discuss the FY 2020-21 Budget. A General Meeting was held on June 8, 2020, in which the ordinance for the FY 2020-21 Budget was introduced. A Public Hearing on the FY 2020-21 Budget was held on July 13, 2020 and the FY 2020-21 Budget was adopted by ordinance at the General Meeting held on July 13, 2020.

Effect: Documentation is not maintained to support that the public was made aware of the Public Hearing to be held on the Budget or that the public was made aware of the Budget's availability for public inspection, and not be able to ask any questions about the Budget or communicate any concerns related to the Budget.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS
FOR YEAR ENDED JUNE 30, 2021

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS: (Continued)

Finding 2021-01: (Continued)

Recommendation: We recommend that the Village of Folsom follow the requirements of the Local Government Budget Act and post the necessary public notice in the official journal related to the availability of the Budget for public inspection and the information necessary related to the Public Hearing to be held on the Budget. We also recommend that the Village of Folsom maintain documentation to support that the necessary notices were published in the official journal.

Management Response: For all subsequent budgets, the Village will publish in its official journal a notice that states that the proposed budget is available for public inspection and explains when the public hearing will occur. The notice will state that: (1) the proposed budget is available for public inspection, (2) that a public hearing on the proposed budget will be held, and (3) the date, time, and place of hearing.

Finding 2021-02:

Criteria: Per the Louisiana Local Government Budget Act, political subdivisions must adopt the budget, including the adoption of any amendments to the proposed budget, in an open meeting before the end of the prior fiscal year.

Condition and Cause: During our audit, we noted that the Village of Folsom did not adopt its FY 2020-21 Budget by ordinance until July 13, 2020, which is subsequent to the end of the prior fiscal year. The Board of Aldermen held a Special Meeting on June 2, 2020 to discuss the FY 2020-21 Budget. A General Meeting was held on June 8, 2020, in which the ordinance for the FY 2020-21 Budget was introduced. A Public Hearing on the FY 2020-21 Budget was held on July 13, 2020 and the FY 2020-21 Budget was adopted by ordinance at the General Meeting held on July 13, 2020.

Effect: The Village of Folsom operated without an adopted budget for the 2020-21 fiscal year until the budget's adoption on July 13, 2020.

Recommendation: We recommend that the Village of Folsom follow the requirements of the Local Government Budget Act and adopt its budget in an open meeting before the end of the prior fiscal year.

Management Response: For future budgets, the Village of Folsom will adopt each budget in an open meeting prior to the end of the fiscal year.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS
FOR YEAR ENDED JUNE 30, 2021

Finding 2021-03:

Criteria: Per the Louisiana Local Government Budget Act, a revised amended budget is required to reflect a change in operations when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent (5%) or more.

Condition and Cause: During our audit, it was noted that the Village of Folsom did not adopt an amended budget for the Sales Tax Fund, a special revenue fund, which had actual expenditures and other uses above budgeted expenditures and other uses by more than five percent (5%). The increase in expenditures and other uses was related to an increase in sales tax revenues recognized in FY 2020-21. Due to an increase in sales tax revenues recognized in the current fiscal year, there was an increase in the related distributions of those sales tax revenues, which had not been anticipated or budgeted for the current fiscal year.

Effect: The Village of Folsom did not adopt an amended budget as required.

Recommendation: We recommend that the Village of Folsom more closely monitor the budget and actual expenditures and other uses of the Sales Tax Fund so that the budget can be amended in a timely manner, when necessary.

Management Response: For future budgets, the Village of Folsom will more closely monitor other uses (transfers) to ensure variances exceeding 5% are properly addressed through the budget amendment process.

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2021

Finding 2020-01:

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

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

Status: Resolved.

Finding 2020-02:

Criteria: In general, political subdivisions and elected officials shall publish a notice that states that the proposed budget is available for public inspection and explains when the public hearing will occur. The notice is to be published in the official journal and shall state that: (1) the proposed budget is available for public inspection, (2) a public hearing on the proposed budget shall be held, and (3) the date, time, and place of hearing. The notice shall be published at least 10 days prior to the date of the first public hearing.

Condition and Cause: During our audit, we noted that a separate notice was not published in the official journal of the Village of Folsom stating that the proposed FY 2019-2020 budget was available for public inspection, that a public hearing on the proposed FY 2019-2020 was to be held, and the date, time, and place of hearing. Auditor notes that the Village of Folsom did publish notice in the official journal on 5-15-2019 related to the minutes of the 5-13-2019 General Meeting, in which the FY 2019-20 Budget was first introduced. A Public Hearing on the FY 2019-20 Budget was held on 6-10-2019 and the FY 2019-20 Budget was adopted by ordinance at the General Meeting held on 6-10-2019.

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2021

Finding 2020-02: (Continued)

Effect: The public may not be aware of the Public Hearing to be held on the Budget or aware of the Budget's availability for public inspection, and not be able to ask any questions about the Budget or communicate any concerns related to the Budget.

Recommendation: We recommend that the Village of Folsom follow the requirements of the Local Government Budget Act and post the necessary public notice in the official journal related to the availability of the Budget for public inspection and the information necessary related to the Public Hearing to be held on the Budget.

Management Response: For all subsequent budgets, the Village will publish in its official journal a notice that states that the proposed budget is available for public inspection and explains when the public hearing will occur. The notice will state that: (1) the proposed budget is available for public inspection, (2) that a public hearing on the proposed budget will be held, and (3) the date, time, and place of hearing.

Status: See comment 2021-01

VILLAGE OF FOLSOM, LOUISIANA

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD JULY 1, 2020
THROUGH JUNE 30, 2021



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE PERIOD JULY 1, 2020 THROUGH JUNE 30, 2021

December 30, 2021

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

We have performed the procedures enumerated below solely to assist the Village of Folsom, Louisiana in assessing certain controls and in evaluating management's compliance with certain laws and regulations during the period from July 1, 2020 to June 30, 2021, in accordance with Act 774 of the 2014 Regular Legislative Session requirements from the Louisiana Legislative Auditor's office (LA R.S. 24:513(J)(1)(c)(v)(aa)). Management of the Village of Folsom, Louisiana is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations.

The Village of Folsom, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, which is to meet the requirements of Act 774 of the 2014 Regular Legislative Session (LA R.S. 24:513(J)(1)(c)(v)(aa)). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up)

1. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

2. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: As a result of applying the above agreed-upon procedures, we noted the following:

- The 5 credit card statements were observed as not having evidence that the monthly statement was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. This was also included as an exception in the procedural report of the Louisiana Legislative Auditor dated December 23, 2019.
- 1 of the 5 credit card statements (HomeBank) was observed to have both a finance charge of \$2.87 and a late fee of \$25.00 included on the statement.
- 1 of the 5 credit card statements (Office Depot) was observed to be addressed to an employee no longer employed by the Village of Folsom.

Recommendations: We recommend that an official, other than the authorized card holder, review all credit card statements and supporting documentation, on a monthly basis, and document his or her review by initialing and dating the monthly statement. We recommend that all credit card statements be paid prior to the due date to avoid incurring unnecessary finance charges and late fees. We recommend that all credit card accounts be reviewed on a periodic basis to verify that contact and user information is current and accurate.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

3. **Procedures:** Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: As a result of applying the above agreed-upon procedures, we noted the following:

- Original itemized receipts were not attached to the monthly credit card statements for the following:
 - 2 of 2 transactions (totaling \$82.82) on the Office Depot credit card statement. It is noted, however, that the Office Depot credit card statement does provide an itemized listing of all purchases and the name of the individual making the purchases.
 - 1 of 4 transactions (\$182.00) on the Sam’s MasterCard credit card statement.
 - 5 of 5 transactions (totaling \$368.85) on the HomeBank credit card statement.
- None of the transactions selected for testing included a documented business/public purpose, though they did appear to be consistent with the operations of the Village of Folsom. This was also included as an exception in the procedural report of the Louisiana Legislative Auditor dated December 23, 2019.

Recommendations: We recommend that all transactions included on a monthly credit card statement be supported by an original itemized receipt that is attached to the monthly credit card statement prior to payment. We also recommend that all transactions should include a documented business/public purpose.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

Non-Payroll Disbursements (follow-up) (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

1. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We noted no findings as a result of applying the above agreed-upon procedures. The Village of Folsom has only a single location that processes payments.

2. **Procedures:** For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: As a result of applying the agreed-upon procedures above, we noted the following:

- Purchases of less than \$100 did not require written supervisory approval, and job duties were not properly segregated among the three office employees at the Village of Folsom Town Hall. This was also included as an exception in the procedural report of the Louisiana Legislative Auditor dated December 23, 2019.
- Purchases in excess of \$100 require both a purchase order and the approval of both the Mayor and a member of the Board of Aldermen. All disbursement checks are to be signed by both the Mayor and a member of the Board of Aldermen.

Recommendation: We recommend that management strengthen controls over disbursements by: (1) requiring written supervisory approval for all purchases such that there are at least two employees involved in initiating a purchase request, approving a purchase, making a purchase, and processing and approving the payment to vendors; (2) segregating disbursement job duties such that a staff employee is assigned to make changes to vendor files while a supervisor reviews all changes to vendor files; and (3) requiring that the officials responsible for signing checks mail the payments or give the signed checks to an employee to mail who is not responsible for processing payments.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

3. **Procedures:** For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice and that documentation is present indicated deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2, as applicable.

Results: Upon applying the agreed-upon procedures above, we noted the following:

- An original itemized invoice was not included for 1 of the 5 disbursements selected for testing. The disbursement was for a monthly recurring disbursement for Atmos Energy made via ACH. A copy of the actual billing statement was not maintained in the payment file, but a copy of an e-mail notification from Atmos Energy indicating that the billing statement for the Village of Folsom Police Station was available to view online. The e-mail notification also provided an account summary which agreed to the disbursement that was made.
- None of the disbursements selected for testing included evidence (e.g. initial/date, electronic logging) of segregation of duties. This was also included as an exception in the procedural report of the Louisiana Legislative Auditor dated December 23, 2019.

Recommendation: We recommend all disbursements, including monthly recurring utility payments, be supported by original itemized invoices and billing statements. We also recommend that all disbursements be supported by documentation to reflect evidence (e.g., initials and dates) of approval and proper segregation of duties.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

EFT Vendor Payment Written Policies and Procedures

1. **Procedures:** Obtain and inspect the entity's written policies and procedures over vendor electronic fund transfers (EFT) (excluding card payments) and observe that they address:
 - a) Requirement of vendor EFT authorization form to include at a minimum vendor name, address, contact number, contact email, banking information, date, and signature from appropriate vendor personnel (signature should include name and title). The EFT authorization form should be maintained in vendor file and be used as the only approved authorization for vendor account information changes;

- b) Maintenance of vendor master file to include current vendor EFT authorization form and current W9 form;
- c) A system for changes in vendor bank account information, to include a verification process based on known vendor contact information and requirement that a new EFT authorization form be submitted. Verification should only be performed by a person prohibited from making changes to the vendor master file, unless another employee is responsible for periodically reviewing changes to vendor files;
- d) Maintenance of EFT log/file/register to include, at a minimum, originator name, dollar amount, vendor name, vendor account information, and approver name; and
- e) Segregation of duties for EFT payment initiation and approval. Approval should be documented in writing or electronically.

Results: Upon applying the agreed-upon procedures above, we noted the following:

- The Village of Folsom's written policies and procedures over vendor electronic fund transfers (EFT) do not address the following:
 - Requirement of vendor EFT authorization form to include at a minimum vendor name, address, contact number, contact email, banking information, date, and signature from appropriate vendor personnel (signature should include name and title). The EFT authorization form should be maintained in vendor file and be used as the only approved authorization for vendor account information changes.
 - Maintenance of vendor master file to include current vendor EFT authorization form and current W9 form.
 - A system for changes in vendor bank account information, to include a verification process based on known vendor contact information and requirement that a new EFT authorization form be submitted. Verification should only be performed by a person prohibited from making changes to the vendor master file, unless another employee is responsible for periodically reviewing changes to vendor files.
 - Maintenance of EFT log/file/register to include, at a minimum, originator name, dollar amount, vendor name, vendor account information, and approver name.

Recommendation: We recommend that management update the Village of Folsom's EFT policies and procedure to address the aforementioned missing items.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

Debt Service

1. **Procedures:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

Results: We noted no findings as a result of applying the above agreed-upon procedures. The Village of Folsom did not issue any bonds/notes or other debt instruments during the fiscal period.

2. **Procedures:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: We noted no findings as a result of applying the above agreed-upon procedures.

Information Technology Disaster Recovery/Business Continuity

1. **Procedures:** Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected

computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the above agreed-upon procedures and discussed the results with management of the Village of Folsom.

Sexual Harassment

1. **Procedures:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees / officials and obtain sexual harassment training documentation from management for each of the selected employees, and observe that the documentation demonstrates each employee / official completed at least one hour of sexual harassment training during the calendar year.

Results: Upon applying the agreed-upon procedures above, we noted the following:

- 2 of the 5 employees / officials selected for testing did not complete the Sexual Harassment Training in calendar year 2020.
 - 1 employee / official completed the 2020 Sexual Harassment Prevention for Supervisors on November 17, 2021.
 - 1 employee / official terminated employment in October 2020 and had not completed the Sexual Harassment training in calendar year 2020 prior to termination of employment. It is noted that the employee / official did complete the Sexual Harassment Training for calendar year 2019, the last full calendar year in which the individual was employed.

Recommendation: We recommend that the Village of Folsom require all of its employees / officials to complete the required Sexual Harassment Training early in each calendar year and we recommend that all new employees hired during a calendar year be required to complete the Sexual Harassment Training at the time of hire. A listing should be maintained that documents the date in which each employee has completed the Sexual Harassment Training in each calendar year and that list should be reviewed quarterly to determine that all employees are completing the required training. We also recommend that a copy of each employee's completion certificate of the annual Sexual Harassment Training be maintained in each employee's personnel file.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

2. **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: Upon applying the above agreed-upon procedures, we noted the following:

- The Village of Folsom's sexual harassment policy and complaint procedure is not posted on the Village's website. The sexual harassment policy is, however, posted in a conspicuous location on the Village's premises at the Village of Folsom Town Hall.

Recommendation: We recommend that the Village of Folsom post its sexual harassment policy and complaint procedure on its website.

Response: Management has provided a plan of corrective action, which is included in Appendix A.

3. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

We were engaged by the Village of Folsom, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the assessment of certain controls and on the evaluation of management's compliance with certain laws and regulations during the period from July 1, 2020 to June 30, 2021, in accordance with the requirements of Act 774 of the 2014 Regular Legislative Session from the Louisiana Legislative Auditor's office (LA R.S. 24:513(J)(1)(c)(v)(aa)). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village of Folsom, Louisiana and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

December 30, 2021

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of management of the Village of Folsom, Louisiana and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Duplantier, Hugoman, Hogan & Roter LLP

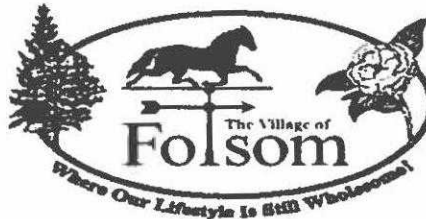
New Orleans, Louisiana

APPENDIX A

MANAGEMENT'S RESPONSE

Village of Folsom

Mayor-- Lance Willie



Alderwoman – Jill Mathies

Alderman – George Garrett

Alderman – Shawn Dillon

Margra Steele - Municipal Clerk

Ronnie "Beau" Killingsworth - Chief of Police

Village Attorney – Roy Burns

December 30, 2021

Duplantier, Hrapmann, Hogan & Maher, LLP
Certified Public Accountants
1615 Poydras St., Suite 2100
New Orleans, LA 70112

This letter is in response to the findings noted for the Act 774 Agreed-Upon Procedures performed for the period July 1, 2020 through June 30, 2021. As Mayor of the Village of Folsom, listed below are the changes that will be implemented to address all findings:

Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up)

1. Procedure 2 – The Village will make timely payments on all credit card statements to ensure no late fees and finance charges will be assessed. Mayor and at least one Alderman will review each credit card statement by initialing and dating the monthly statement. Any former employees whose name still maybe on any Village account will be removed immediately.
2. Procedure 3 – The Village will ensure that all credit card receipts are attached to all statements, the Village will make additional copies to ensure all supporting documentation is attached each month.

Non-Payroll Disbursements (follow-up) (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

1. Procedure 2 – The Town Clerk generally initiates purchases less than \$100 that do not require a purchase order and the Mayor approves all such payments by reviewing the check and related supporting documents prior to signing the check. For future payments the Mayor will indicate written approval on the supporting invoice or statement. Additionally, the Village does have a policy related to changes to vendor files that requires someone other than the person making changes to approve such changes. The Village will review procedures related to the mailing of checks and make adjustments to current procedures to ensure proper segregation of duties.

2. Procedure 3 The Village will ensure all disbursements are supported by original itemized receipts or statements and indicate proper approval.

EFT Vendor Payment Written Policies and Procedures

1. Procedure 1 – The Village will require authorized vendor EFT form to include name, address, and contact number, contact email, banking information, date and signature from appropriate vendor personnel. Vendor Master File will include current W9 and an EFT authorization form when EFT is used as a form of payment.

Sexual Harassment

1. Procedure 1 –The Village will require all employees/officials to complete the required Sexual Harassment Training early in each calendar year
2. Procedure 2 – The Village of Folsom will post our Sexual Harassment Policy on our website.

Signed:



Lance Willie
Honorable Mayor
Village of Folsom, Louisiana