

VILLAGE OF FOLSOM, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2025

VILLAGE OF FOLSOM, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

March 31, 2026

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

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana, as of June 30, 2025, 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.

Basis for Opinions

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

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Members
American Institute of
Certified Public Accountants
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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Folsom, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Folsom, Louisiana's basic financial statements. The accompanying 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 *Government Auditing Standards*, we have also issued our report dated March 31, 2026, 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.

Metairie, Louisiana 

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2025
(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, 2025. 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.

The implementation of GASB Statement No. 101, *Compensated Absences*, led to the recognition of an additional \$19,348 in compensated absences as of June 30, 2024, compared to the amount previously reported. As a result, the beginning net position was restated, reflecting a total decrease of \$17,510 and \$1,838 for Governmental and Business-Type Activities, respectively.

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-

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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.

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 \$7,782,817 (net position). The Village's net position is comprised of \$5,528,599 from governmental activities and \$2,254,218 from business-type activities as shown on the Statement of Net Position.

Approximately 41.6% 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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

1. Government-Wide Financial Statements (Continued)

Government-Wide Analysis (Continued)

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.

Condensed Statements of Net Position						
<u>June 30, 2025 and 2024</u>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2025	(Restated) 2024	2025	(Restated) 2024	2025	(Restated) 2024
Current & other assets	\$ 4,391,903	\$ 4,218,117	\$ 827,059	\$ 817,341	\$ 5,218,962	\$ 5,035,458
Capital assets	1,687,164	1,324,717	3,559,209	3,697,808	5,246,373	5,022,525
Total assets	<u>6,079,067</u>	<u>5,542,834</u>	<u>4,386,268</u>	<u>4,515,149</u>	<u>10,465,335</u>	<u>10,057,983</u>
Deferred outflows	121,356	196,182	8,724	32,062	130,080	228,244
Long-term liabilities	517,061	624,095	1,986,472	2,099,800	2,503,533	2,723,895
Other liabilities	71,818	91,649	152,434	192,063	224,252	283,712
Total liabilities	<u>588,879</u>	<u>715,744</u>	<u>2,138,906</u>	<u>2,291,863</u>	<u>2,727,785</u>	<u>3,007,607</u>
Deferred inflows	82,945	39,328	1,868	214	84,813	39,542
Net position						
Net investment in						
capital assets	1,687,164	1,324,717	1,553,318	1,638,448	3,240,482	2,963,165
Restricted	290,438	276,939	337,072	324,537	627,510	601,476
Unrestricted	<u>3,550,997</u>	<u>3,382,288</u>	<u>363,828</u>	<u>292,149</u>	<u>3,914,825</u>	<u>3,674,437</u>
Total net position	<u>\$ 5,528,599</u>	<u>\$ 4,983,944</u>	<u>\$ 2,254,218</u>	<u>\$ 2,255,134</u>	<u>\$ 7,782,817</u>	<u>\$ 7,239,078</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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

1. Government-Wide Financial Statements (Continued)

Governmental Activities (Continued)

	For the Year Ended June 30,			
	2025	%	(Restated) 2024	%
Governmental Activities Expenses:				
General Government	\$ 517,194	41%	\$ 396,665	34%
Public Safety	485,575	38%	498,361	43%
Public Works	263,692	21%	255,847	22%
Total Governmental Activities	\$ 1,266,461	100%	\$ 1,150,873	100%

General revenues are those available for the Village to use to pay for the governmental activities described above. The following shows the Village's general revenues:

	For the Year Ended June 30,			
	2025	%	2024	%
General Revenues:				
Taxes	\$ 1,317,847	77%	\$ 1,337,085	77%
Insurance Licenses	79,481	5%	81,266	5%
Licenses and Permits	81,594	5%	74,503	4%
Other General Revenues	69,326	4%	52,747	3%
Fines and Forfeitures	37,508	2%	37,454	2%
Investment Earnings	159,263	9%	163,512	9%
Net Transfers In (Out)	(38,903)	-2%	(1,310)	0%
Total General Revenues and Transfers	\$ 1,706,116	100%	\$ 1,745,257	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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

1. Government-Wide Financial Statements (Continued)

Business-Type Activities (Continued)

	<u>Water Fund</u>		<u>Sewer Fund</u>		<u>Garbage Fund</u>	
	For the Year Ended June 30, (Restated)		For the Year Ended June 30, (Restated)		For the Year Ended June 30, (Restated)	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Operating Revenues	\$ 207,856	\$ 214,358	\$ 224,648	\$ 225,002	\$ 77,236	\$ 72,160
Operating Expenses	<u>225,859</u>	<u>245,394</u>	<u>253,441</u>	<u>235,312</u>	<u>80,543</u>	<u>70,753</u>
Net Operating Income (Loss)	<u>\$ (18,003)</u>	<u>\$ (31,036)</u>	<u>\$ (28,793)</u>	<u>\$ (10,310)</u>	<u>\$ (3,307)</u>	<u>\$ 1,407</u>

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for most of the Village’s basic services 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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

2. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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 individual governmental funds at June 30, 2025. 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 \$4,336,280. In the General Fund, the nonspendable for prepaid balance is \$210, the assigned for public safety balance is \$477,832, and the unassigned fund balance is \$1,398,850. In the Sales Tax Fund, the assigned for public works fund balance is \$2,170,115. In the Streets and Drainage Fund, the restricted for public works fund balance is \$289,273.

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

	General Fund	Sales Tax Fund	Streets and Drainage Fund	Total
Fund Balance at June 30, 2024	\$ 1,995,408	\$ 1,928,290	\$ 230,876	\$ 4,154,574
Fund Balance at June 30, 2025	1,876,892	2,170,115	289,273	4,336,280
Increase (Decrease) in Fund Balance	\$ (118,516)	\$ 241,825	\$ 58,397	\$ 181,706

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.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

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 60 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 61 through 73 of this report.

5. Other Supplementary Information

The Schedule of Compensation Paid to Governing Board is presented on page 74 of this report. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented on page 75 of this report. The Justice System Funding Schedule – Collecting/Disbursing Entity is presented on page 76 of this report.

Capital Assets

The Village’s investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$5,246,373 (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 net investment in capital assets was \$223,848. This was primarily due to the Village’s acquisition of a new air conditioning unit and the related labor and materials for installation, the purchase of four vehicles, and various equipment additions.

	Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 285,000	\$ 285,000	\$ 14,350	\$ 14,350	\$ 299,350	\$ 299,350
Work in progress	-	46,063	-	-	-	46,063
Buildings and improvements	624,318	461,009	-	-	624,318	461,009
Equipment, furniture, and vehicles	363,036	107,251	-	-	363,036	107,251
Street improvements	414,810	425,394	-	-	414,810	425,394
Water system and equipment	-	-	746,673	803,673	746,673	803,673
Sewer system and equipment	-	-	2,798,186	2,879,785	2,798,186	2,879,785
Total	\$1,687,164	\$ 1,324,717	\$ 3,559,209	\$ 3,697,808	\$ 5,246,373	\$ 5,022,525

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2025
(Unaudited)

5. Other Supplementary Information (Continued)

Capital Assets (Continued)

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 \$2,005,891. 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	
	<u>2025</u>	<u>2024</u>
Revenue Bonds	\$2,005,891	\$2,059,360
Total long-term debt	\$2,005,891	\$2,059,360

The Village’s total debt decreased by \$53,469 during the current fiscal year. Additional information on the Village’s long-term debt can be found in Note 8 of this report.

General Fund Budgetary Highlights

During the current year, actual revenues of the General Fund exceeded final appropriated budgeted revenues by \$133,466 and actual expenditures exceeded final appropriated budgeted expenditures by \$155,313. During the current year, actual revenues of the Sales Tax Fund exceeded final appropriated budgeted revenues by \$378 and actual expenditures were below the final appropriated budgeted expenditures by \$5,198. During the current year, actual revenues of the Streets and Drainage Fund exceeded final appropriated budgeted revenues by \$1,257 and actual expenditure were below the final appropriated budgeted expenditures by \$77,958.

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, 2025

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 3,785,693	\$ 473,482	\$ 4,259,175
Receivables, net			
Water, sewer, and garbage	-	33,031	33,031
Sales taxes	237,101	-	237,101
Other	61,935	-	61,935
Internal balances	16,526	(16,526)	-
Prepaid expenses	210	-	210
Restricted cash and cash equivalents	290,438	337,072	627,510
Capital assets, net	1,687,164	3,559,209	5,246,373
Total assets	<u>6,079,067</u>	<u>4,386,268</u>	<u>10,465,335</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	121,356	8,724	130,080
Liabilities:			
Accounts payable	46,537	2,924	49,461
Accrued liabilities	9,086	4,502	13,588
Compensated absences - due within one year	16,195	362	16,557
Compensated absences - due in more than one year	18,563	3,492	22,055
Payable from restricted assets:			
Customer deposits	-	89,195	89,195
Revenue bonds - due within one year	-	55,451	55,451
Revenue bonds - due in more than one year	-	1,950,440	1,950,440
Net pension liability - due in more than one year	498,498	32,540	531,038
Total liabilities	<u>588,879</u>	<u>2,138,906</u>	<u>2,727,785</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	82,945	1,868	84,813
Net Position:			
Net investment in capital assets	1,687,164	1,553,318	3,240,482
Restricted:			
Debt service	-	247,877	247,877
Customer deposits	-	89,195	89,195
Public works	290,438	-	290,438
Unrestricted	3,550,997	363,828	3,914,825
Total net position	<u>\$ 5,528,599</u>	<u>\$ 2,254,218</u>	<u>\$ 7,782,817</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 517,194	\$ -	\$ 100,000	\$ -	\$ (417,194)	\$ -	\$ (417,194)
Public safety	485,575	-	-	-	(485,575)	-	(485,575)
Public works	263,692	-	-	5,000	(258,692)	-	(258,692)
Total governmental activities	1,266,461	-	100,000	5,000	(1,161,461)	-	(1,161,461)
Business-type activities:							
Water	225,859	207,856	-	-	-	(18,003)	(18,003)
Sewer	253,441	224,648	40,151	-	-	11,358	11,358
Garbage	80,543	77,236	-	-	-	(3,307)	(3,307)
Interest on long-term debt	63,774	-	-	-	-	(63,774)	(63,774)
Total business-type activities	623,617	509,740	40,151	-	-	(73,726)	(73,726)
Total	\$ 1,890,078	\$ 509,740	\$ 140,151	\$ 5,000	(1,161,461)	(73,726)	(1,235,187)
General revenues:							
Taxes					1,317,847	-	1,317,847
Insurance licenses					79,481	-	79,481
Licenses and permits					81,594	-	81,594
Other general revenues					69,326	1,936	71,262
Fines and forfeitures					37,508	-	37,508
Investment earnings					159,263	31,971	191,234
Net Transfers In (Out)					(38,903)	38,903	-
Total general revenues and transfers					1,706,116	72,810	1,778,926
Change in net position					544,655	(916)	543,739
Net position, beginning of year, as restated					4,983,944	2,255,134	7,239,078
Net position, end of year					\$ 5,528,599	\$ 2,254,218	\$ 7,782,817

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,761,338	\$ 2,024,355	\$ -	\$ 3,785,693
Restricted cash and cash equivalents	-	-	290,438	290,438
Receivables, net:				
Sales	-	237,101	-	237,101
Other	61,935	-	-	61,935
Due from other funds	105,460	-	3,856	109,316
Prepaid expenses	210	-	-	210
Total assets	<u>\$ 1,928,943</u>	<u>\$ 2,261,456</u>	<u>\$ 294,294</u>	<u>\$ 4,484,693</u>
Liabilities:				
Accounts payable	\$ 40,346	\$ 1,170	\$ 5,021	\$ 46,537
Accrued liabilities	7,849	1,237	-	9,086
Due to other funds	3,856	88,934	-	92,790
Total liabilities	<u>52,051</u>	<u>91,341</u>	<u>5,021</u>	<u>148,413</u>
Fund balances:				
Restricted for public works	-	-	289,273	289,273
Nonspendable for prepaid amounts	210	-	-	210
Assigned for:				
Public works	-	2,170,115	-	2,170,115
Public safety	477,832	-	-	477,832
Unassigned	1,398,850	-	-	1,398,850
Total fund balances	<u>1,876,892</u>	<u>2,170,115</u>	<u>289,273</u>	<u>4,336,280</u>
Total liabilities and fund balances	<u>\$ 1,928,943</u>	<u>\$ 2,261,456</u>	<u>\$ 294,294</u>	<u>\$ 4,484,693</u>

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, 2025

Total fund balances for governmental funds at June 30, 2025	\$ 4,336,280
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	1,687,164
Deferred outflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	121,356
Long-term liabilities at June 30, 2025:	
Compensated absences liability	(34,758)
Net pension liabilities	(498,498)
Deferred inflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	<u>(82,945)</u>
Total net position of governmental activities at June 30, 2025	<u><u>\$ 5,528,599</u></u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Revenues:				
Taxes:				
Sales taxes	\$ -	\$ 1,236,574	\$ -	\$ 1,236,574
Franchise taxes	74,627	-	-	74,627
Other	6,646	-	-	6,646
Insurance licenses	79,481	-	-	79,481
Licenses and permits	81,594	-	-	81,594
Grants	100,000	5,000	-	105,000
Other revenues	50,810	-	-	50,810
Fines and forfeitures	37,508	-	-	37,508
Interest income	73,700	74,804	10,757	159,261
Total revenues	<u>504,366</u>	<u>1,316,378</u>	<u>10,757</u>	<u>1,831,501</u>
Expenditures:				
Current:				
General government	491,634	-	-	491,634
Public safety	462,878	-	-	462,878
Public works	-	151,402	45,954	197,356
Capital outlay	449,532	-	42,689	492,221
Total expenditures	<u>1,404,044</u>	<u>151,402</u>	<u>88,643</u>	<u>1,644,089</u>
Excess (deficiency) of revenues over expenditures	<u>(899,678)</u>	<u>1,164,976</u>	<u>(77,886)</u>	<u>187,412</u>
Other financing sources (uses):				
Transfers in	789,612	-	175,690	965,302
Transfers out	(8,450)	(923,151)	(39,407)	(971,008)
Total other financing sources (uses)	<u>781,162</u>	<u>(923,151)</u>	<u>136,283</u>	<u>(5,706)</u>
Net change in fund balances	(118,516)	241,825	58,397	181,706
Fund balance, beginning of year	1,995,408	1,928,290	230,876	4,154,574
Fund balance, end of year	<u>\$ 1,876,892</u>	<u>\$ 2,170,115</u>	<u>\$ 289,273</u>	<u>\$ 4,336,280</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, 2025

Net change in fund balances - total governmental funds \$ 181,706

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 in the current period exceeded
depreciation expense. 362,447

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 (6,649)

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. (11,365)

The Village's proportionate share of non-employer contributions to the
pension plans is reported in the Statement of Activities. 18,516

Change in net position of governmental activities \$ 544,655

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 131,356	\$ 339,181	\$ 2,945	\$ 473,482
Receivables				
Water, sewer, and garbage, net	11,818	15,125	6,088	33,031
Due from other funds	6,628	18,043	-	24,671
Total current assets	<u>149,802</u>	<u>372,349</u>	<u>9,033</u>	<u>531,184</u>
Non-current assets:				
Restricted cash and cash equivalents	140,543	196,529	-	337,072
Capital assets, net of accumulated depreciation	761,023	2,798,186	-	3,559,209
Total non-current assets	<u>901,566</u>	<u>2,994,715</u>	<u>-</u>	<u>3,896,281</u>
Total assets	<u>1,051,368</u>	<u>3,367,064</u>	<u>9,033</u>	<u>4,427,465</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	4,362	4,362	-	8,724
Liabilities:				
Current liabilities:				
Accounts payable	-	-	2,924	2,924
Accrued liabilities	1,392	3,110	-	4,502
Compensated absences	181	181	-	362
Due to other funds	22,321	12,248	6,628	41,197
Payable from restricted assets:				
Revenue bonds	19,777	35,674	-	55,451
Customer deposits	55,420	33,775	-	89,195
Total current liabilities	<u>99,091</u>	<u>84,988</u>	<u>9,552</u>	<u>193,631</u>
Non-current liabilities:				
Revenue bonds	225,303	1,725,137	-	1,950,440
Net pension liabilities	16,270	16,270	-	32,540
Compensated absences	1,746	1,746	-	3,492
Total non-current liabilities	<u>243,319</u>	<u>1,743,153</u>	<u>-</u>	<u>1,986,472</u>
Total liabilities	<u>342,410</u>	<u>1,828,141</u>	<u>9,552</u>	<u>2,180,103</u>
Deferred inflows of resources:				
Deferred inflows related to pensions	934	934	-	1,868
Net position:				
Net investment in capital assets	515,943	1,037,375	-	1,553,318
Restricted for revenue bonds	85,123	162,754	-	247,877
Restricted for customer deposits	55,420	33,775	-	89,195
Unrestricted	55,900	308,447	(519)	363,828
Total net position	<u>\$ 712,386</u>	<u>\$ 1,542,351</u>	<u>\$ (519)</u>	<u>\$ 2,254,218</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, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Operating Revenues:				
Service fees	\$ 196,866	\$ 224,648	\$ 77,236	\$ 498,750
Delinquent fees	10,990	-	-	10,990
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	207,856	224,648	77,236	509,740
Operating Expenses:				
Salaries and fringe benefits	44,541	45,303	-	89,844
Depreciation	57,000	102,253	-	159,253
Garbage collection	-	-	79,477	79,477
General and administrative	73,349	23,573	1,066	97,988
Utilities	14,417	14,419	-	28,836
Repairs and maintenance	36,552	67,893	-	104,445
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	225,859	253,441	80,543	559,843
Operating income (loss)	<hr/> <u>(18,003)</u>	<hr/> <u>(28,793)</u>	<hr/> <u>(3,307)</u>	<hr/> <u>(50,103)</u>
Non-Operating Revenues (Expenses):				
Capital grants	-	40,151	-	40,151
Interest income	10,604	21,064	303	31,971
Other income	952	984	-	1,936
Interest and fiscal charges	(12,095)	(51,679)	-	(63,774)
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(539)	10,520	303	10,284
Income (loss) before transfers	(18,542)	(18,273)	(3,004)	(39,819)
Net Transfers In (Out)	<hr/> <u>47,187</u>	<hr/> <u>(3,269)</u>	<hr/> <u>(5,015)</u>	<hr/> <u>38,903</u>
Change in net position	28,645	(21,542)	(8,019)	(916)
Net position, beginning of year, as restated	<hr/> <u>683,741</u>	<hr/> <u>1,563,893</u>	<hr/> <u>7,500</u>	<hr/> <u>2,255,134</u>
Net position, end of year	<hr/> <u>\$ 712,386</u>	<hr/> <u>\$ 1,542,351</u>	<hr/> <u>\$ (519)</u>	<hr/> <u>\$ 2,254,218</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Water	Sewer	Garbage	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 213,487	\$ 229,813	\$ 77,212	\$ 520,512
Payments to suppliers	(125,965)	(145,489)	(83,398)	(354,852)
Payments to employees	(43,913)	(44,909)	-	(88,822)
Net cash provided (used) by operating activities	<u>43,609</u>	<u>39,415</u>	<u>(6,186)</u>	<u>76,838</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers	15,073	(4,352)	(5,015)	5,706
Proceeds from (replacement of) interfund borrowings	(11,826)	(3,732)	10,890	(4,668)
Net cash provided (used) by non-capital financing activities	<u>3,247</u>	<u>(8,084)</u>	<u>5,875</u>	<u>1,038</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants received	-	40,151	-	40,151
Purchase of capital assets	-	(20,654)	-	(20,654)
Principal paid on capital debt	(18,880)	(34,589)	-	(53,469)
Interest paid on capital debt	(12,132)	(51,727)	-	(63,859)
Other receipts	5	37	-	42
Net cash used by capital and related financing activities	<u>(31,007)</u>	<u>(66,782)</u>	<u>-</u>	<u>(97,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	10,604	21,064	303	31,971
Net cash provided by investing activities	<u>10,604</u>	<u>21,064</u>	<u>303</u>	<u>31,971</u>
Net increase (decrease) in cash and cash equivalents	26,453	(14,387)	(8)	12,058
Cash and cash equivalents, beginning of year	245,446	550,097	2,953	798,496
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 271,899</u></u>	<u><u>\$ 535,710</u></u>	<u><u>\$ 2,945</u></u>	<u><u>\$ 810,554</u></u>
CASH AND CASH EQUIVALENTS RECONCILIATION:				
Cash and cash equivalents (unrestricted)	\$ 131,356	\$ 339,181	\$ 2,945	\$ 473,482
Restricted cash and cash equivalents	140,543	196,529	-	337,072
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 271,899</u></u>	<u><u>\$ 535,710</u></u>	<u><u>\$ 2,945</u></u>	<u><u>\$ 810,554</u></u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (18,003)	\$ (28,793)	\$ (3,307)	\$ (50,103)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	57,000	102,253	-	159,253
Pension expense	(632)	(640)	-	(1,272)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	2,476	2,865	(24)	5,317
Decrease (increase) in prepaid expenses	1,023	668	-	1,691
Increase (decrease) in accounts payable	(1,647)	(39,407)	(2,855)	(43,909)
Increase (decrease) in accrued liabilities	(129)	(197)	-	(326)
Increase (decrease) in compensated absences	366	366	-	732
Decrease (increase) in customer deposits	3,155	2,300	-	5,455
Net cash provided (used) by operating activities	<u>\$ 43,609</u>	<u>\$ 39,415</u>	<u>\$ (6,186)</u>	<u>\$ 76,838</u>
Supplementary disclosure of cash flow information				
Interest paid	<u>\$ 12,132</u>	<u>\$ 51,727</u>	<u>\$ -</u>	<u>\$ 63,859</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025

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, 2025

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, 2025

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, 2025

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 assets 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 assets 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 Board of Aldermen 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, 2025

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 uncollectible status 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 \$14,799 for the Water Fund, \$11,113 for the Sewer Fund, and \$4,152 for Garbage Fund at June 30, 2025.

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, 2025

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

Compensated Absences

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. 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. Sick leave is earned at a rate of one day per month, can accumulate up to a limit of 480 hours, and is not payable upon termination. The Village has recorded a liability of \$34,758 for Governmental Activities, \$1,927 in the Water Fund, and \$1,927 in the Sewer Fund at June 30, 2025.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025

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, 2025, 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023, which the Village implemented in the fiscal year ended June 30, 2025. This statement provides guidance for compensated absences. It establishes a consistent approach for all types of leave, eliminating potential comparability issues between governments with different leave policies. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is (1) attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The change in accounting principle had a material impact on the Village's financial statements, as this updated model required the recognition of additional liability for annual and sick leave.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024, which the Village implemented in the fiscal year ended June 30, 2025. The objective of this Statement is to provide users of governmental financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or accessing accountability. The implementation of this standard did not require any changes to the Village's financial reporting requirements.

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 \$4,606,074 (including \$627,510 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, 2025, the Village had bank balances of \$4,644,730 in interest and non-interest-bearing demand deposits. These deposits are fully secured from risk by federal deposit insurance of \$250,000 and \$4,626,695 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2025, cash equivalents of \$280,611 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.
- 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 25 days and 55 days, respectively, at June 30, 2025.
- 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. UTILITY ACCOUNTS RECEIVABLE

At June 30, 2025, the Village had the following utility receivable and corresponding allowance for doubtful accounts in its proprietary funds:

	Water <u>Fund</u>	Sewer <u>Fund</u>	Garbage <u>Fund</u>	<u>Total</u>
Receivable	\$ 26,617	\$ 26,238	\$ 10,240	\$ 63,095
Allowance for Doubtful Accounts	(14,799)	(11,113)	(4,152)	(30,064)
Receivable, net	<u>\$ 11,818</u>	<u>\$ 15,125</u>	<u>\$ 6,088</u>	<u>\$ 33,031</u>

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Completed Construction	Balance June 30, 2025
<u>Governmental Activities</u>					
Capital assets not being depreciated:					
Land	\$ 285,000	\$ -	\$ -	\$ -	\$ 285,000
Work in progress - equipment	46,063	-	-	(46,063)	-
Total capital assets not being depreciated	<u>331,063</u>	<u>-</u>	<u>-</u>	<u>(46,063)</u>	<u>285,000</u>
Capital assets being depreciated:					
Buildings and improvements	744,314	202,360	-	-	946,674
Equipment, furniture, and vehicles	534,229	269,987	-	46,063	850,279
Street improvements	523,603	19,874	-	-	543,477
Total capital assets being depreciated	<u>1,802,146</u>	<u>492,221</u>	<u>-</u>	<u>46,063</u>	<u>2,340,430</u>
Less accumulated depreciation for:					
Buildings and improvements	(283,305)	(39,051)	-	-	(322,356)
Equipment, furniture, and vehicles	(426,978)	(60,265)	-	-	(487,243)
Street improvements	(98,209)	(30,458)	-	-	(128,667)
Total accumulated depreciation	<u>(808,492)</u>	<u>(129,774)</u>	<u>-</u>	<u>-</u>	<u>(938,266)</u>
Total capital assets being depreciated	<u>993,654</u>	<u>362,447</u>	<u>-</u>	<u>46,063</u>	<u>1,402,164</u>
Total Governmental Activities	<u>\$ 1,324,717</u>	<u>\$ 362,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,687,164</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. CAPITAL ASSETS (Continued)

	Balance July 1, 2024	Additions	Deletions	Completed Construction	Balance June 30, 2025
<u>Business-Type Activities</u>					
Capital assets not being depreciated:					
Land	\$ 14,350	\$ -	\$ -	\$ -	\$ 14,350
Total capital assets not being depreciated	14,350	-	-	-	14,350
Capital assets being depreciated:					
Water system and equipment	2,285,681	-	-	-	2,285,681
Sewer system and equipment	3,931,766	20,654	-	-	3,952,420
Total capital assets being depreciated	6,217,447	20,654	-	-	6,238,101
Less accumulated depreciation for:					
Water system and equipment	(1,482,008)	(57,000)	-	-	(1,539,008)
Sewer system and equipment	(1,051,981)	(102,253)	-	-	(1,154,234)
Total accumulated depreciation	(2,533,989)	(159,253)	-	-	(2,693,242)
Total capital assets being depreciated, net	3,683,458	(138,599)	-	-	3,544,859
Total Business-Type Activities	\$ 3,697,808	\$ (138,599)	\$ -	\$ -	\$ 3,559,209

Depreciation was charged to programs as follows:

Governmental Activities:	
General government	\$ 28,447
Public safety	34,179
Public works	67,148
Total	<u>\$ 129,774</u>
Business-Type Activities:	
Water	\$ 57,000
Sewer	102,253
Total	<u>\$ 159,253</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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

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, 2024 (measurement date), there were 87 contributing municipalities in Plan A and 70 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 brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

Any member of Plan B who commenced participation in the Plan prior to 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 commenced participation in the Plan on or after January 1, 2013 (Tier 2) shall be eligible for retirement if 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Retirement Benefits (Continued)

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.

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 Plan 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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

DROP Benefits (Continued)

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 Plan.

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 thirty percent of his final compensation or two percent of his final compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost-of-Living Increases

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant 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 were at 5.0% of earnable compensation for Plan B for the year ended June 30, 2025. The contributions were deducted from the member's salary and remitted to Municipal Employees' Retirement System by the Village.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Contributions (Continued)

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2025, the employer contribution rate was 14.0% of a 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 as 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, 2025, were \$38,365, and were equal to the required contributions for each year. Revenue recognized for contributions funded by the State of Louisiana amounted to \$10,187 for the year ended June 30, 2025.

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

At June 30, 2025, the Village reported a liability of \$174,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the Village's proportion was 0.288320%, which was a decrease of 0.004422% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Village recognized pension expense of \$31,518, \$25,656 of which was recorded within governmental activities and \$5,862 of which was recorded in business-type activities.

At June 30, 2025, 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, 2025

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)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,353	\$ 1,164	\$ 308	\$ 266
Changes in assumptions	-	5,300	-	1,212
Net difference between projected and actual earnings of pension plan investments	5,124	-	1,170	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	470	1,711	110	390
Employer contributions subsequent to measurement date	31,229	-	7,136	-
	<u>\$ 38,176</u>	<u>\$ 8,175</u>	<u>\$ 8,724</u>	<u>\$ 1,868</u>

Deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year ending:</u>	
June 30, 2026	\$ (3,193)
June 30, 2027	10,851
June 30, 2028	(5,218)
June 30, 2029	(3,948)
	<u>\$ (1,508)</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

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, 2024, are as follows:

	<u>Plan B</u>
Total Pension Liability	\$ 879,115
Less: Plan Fiduciary Net Position	<u>704,170</u>
Total Net Pension Liability	<u><u>\$ 174,945</u></u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2023.

A summary of the actuarial methods and assumptions used in determining the total net pension liability in the June 30, 2024, valuation, are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Inflation Rate	2.50%
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Salary Increases, including Inflation and Merit Increases	1 to 2 years of service – 9.5% - Plan B More than 2 years of service – 4.6% - Plan B

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Annuitant and Beneficiary

Mortality

PubG-2010(B) Healthy Retiree Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.

Employee Mortality

PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, adjusted using their respective male and female MP2021 scales.

Disabled Lives Mortality

PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 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 estimated 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 6.85% for the year ended June 30, 2024.

The target allocation and 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, 2024, are summarized in the following table:

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	56%	2.44%
Public fixed income	29%	1.26%
Alternatives	15%	0.65%
Totals	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2024. 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.

Changes in Net 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, 2025

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Changes in Net Pension Liability (Continued)

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

Contributions – Proportionate Share

Differences between contributions remitted to the Plan and the Village's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the Plan.

Sensitivity to Changes in Discount Rate

The following represents the net pension liability of the Village calculated using the discount rate of 6.85%, 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 (5.85%) or one percentage point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Employer's proportionate share of the net pension liability	\$ 271,649	\$ 174,945	\$ 93,214

Retirement System Audit Report

Municipal Employees' Retirement System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2024. Access to the audit report can be found on the System's website: www.mersla.com or on the Louisiana Legislative Auditor's official website: www.la.la.gov.

Payables to the Pension Plan

At June 30, 2025, there was \$4,989 payable to MERS for June 2025 employee and employer legally-required contributions.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

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. Membership is also mandatory for all individuals, in a position as defined in the municipal fire and police civil service system, who are employed on a full-time basis by a police department of any municipality of the State of Louisiana, are under the direction of a chief of police, and are paid from the budget of the applicable police department. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Retirement Benefits (Continued)

Membership Commencing January 1, 2013

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

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Cost-of-Living Adjustments (Continued)

Under Act 170 of the 2013 Regular Session of the Legislature, the Board of Trustees may not take action to authorize a COLA during any calendar year prior to the end of the legislative session for that year, during the first six months of any year, or in any calendar year in which the legislature has granted a COLA unless the legislation granting such COLA specifically allows the Board to also take COLA action.

Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increase only from funds set aside in the System's funding deposit account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the funding deposit account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

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. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. For those employees who enter DROP after June 30, 2024, participation in the DROP is 60 months or less. If employment is terminated after the DROP 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 but before July 1, 2019, 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.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Deferred Retirement Option Plan (Continued)

If the member elects a money market investment account, the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds the System transferred lump sum distributions to the stable value fund of Empower Retirement. Empower Retirement acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program. If they do so, they can invest in Vanguard Lifestrategy Funds through Empower Retirement.

Initial Benefit Option Plan

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

Statutes should be read for more detail on eligibility and benefit provisions.

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, 2025, the contribution rates were as follows:

	Contribution Rates		
	Employee	Employer	Total
Members hired prior to 1/1/2013	10.000%	35.600%	45.600%
Hazardous Duty Members hired after 1/1/2013	10.000%	35.600%	45.600%
Non Hazardous Duty Members hired after 1/1/2013	8.000%	35.600%	43.600%
Members whose earnable compensation is less than poverty guidelines	7.500%	38.100%	45.600%

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, were \$53,541, and were equal to the required contributions for each year.

Non-employer Contributions

The System also receives insurance premium tax monies, which is considered support from a non-contributing entity. This tax is allocated by the state treasurer each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2025, and excluded from pension expense. Revenue recognized for non-contributing entity contributions amounted to \$10,224 for the year ended June 30, 2025.

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

At June 30, 2025, the Village reported a liability of \$356,093 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the Village's proportion was 0.039304%, which was a decrease of 0.006437% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Village recognized pension expense of \$37,285, all of which was recorded within governmental activities.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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)

At June 30, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,280	\$ 10,772
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	9,899	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	460	63,998
Employer contributions subsequent to measurement date	53,541	-
	<u>\$ 83,180</u>	<u>\$ 74,770</u>

Deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year Ended:</u>	
June 30, 2026	\$ (27,549)
June 30, 2027	14,255
June 30, 2028	(25,599)
June 30, 2029	(6,238)
	<u>\$ (45,131)</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

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, 2024, are as follows:

Total Pension Liability	\$ 1,473,909
Less: Plan Fiduciary Net Position	<u>1,117,816</u>
Total Net Pension Liability	<u><u>\$ 356,093</u></u>

The actuarial assumptions used in the June 30, 2024, valuation were based on the assumptions used in the June 30, 2024, 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, 2024, valuation are as follows:

Valuation Date	June 30, 2024	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75% 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 was used.	

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Mortality (Continued)

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 was used.

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 was used.

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 for the period of July 1, 2014 through June 30, 2019. A change was made to 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 forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended June 30, 2024.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

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, 2024, 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	52.00%	3.14%
Fixed income	34.00%	1.07%
Alternatives	14.00%	1.03%
Totals	100.00%	5.24%
Inflation		2.62%
Expected Arithmetic Return		7.86%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the net pension liability are recognized as pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

The differences between projected and actual investment earnings on pension plan investments are recognized in pension expense (benefit) using the straight-line amortization method over a closed five-year period.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Changes in Net Pension Liability (Continued)

The changes of assumptions about future economic or demographic factors are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

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

Contributions – Proportionate Share

Differences between contributions remitted to the Plan and the Village's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the Plan.

Sensitivity to Changes in Discount Rate

The following represents the net pension liability of the Village calculated using the discount rate of 6.75%, 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 5.75% or one percentage higher 7.75% than the current rate.

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 528,967</u>	<u>\$ 356,093</u>	<u>\$ 211,776</u>

Retirement System Audit Report

The Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2024. 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.la.gov.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Sensitivity to Changes in Discount Rate (Continued)

Payables to the Pension Plan

At June 30, 2025, there was \$1,814 payable to MPERS for June 2025 employee and employer legally-required contributions.

6. INSURANCE COVERAGE

The following is a summary of the insurance coverage maintained by the Village for the fiscal year ended June 30, 2025:

<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Coverage</u>	
Commercial Property	1/1/2025 to 1/1/2026	Town Hall	\$ 977,084
		Water and Sewer	2,570,026
		Police Department	518,874
Fidelity Bond	12/30/2024 to 12/30/2025	Mayor	40,000
	12/30/2024 to 12/30/2025	Alderman & Mayor Pro Tem	40,000
		Alderman	40,000
	12/30/2024 to 12/30/2025	Alderman	40,000
	12/30/2024 to 12/30/2025	Alderman	40,000
	12/30/2024 to 12/30/2025	Municipal Clerk	65,000
	12/30/2024 to 12/30/2025	Utility Clerk	65,000
	12/30/2024 to 12/30/2025	Planning & Zoning Clerk	65,000
		Police Secretary	5,000
7/1/2024 to 7/1/2025	Police Chief	5,000	
Workers' Compensation	1/1/2025 to 1/1/2026	Policy Limit	Statutory
Commercial General Liability	2/1/2025 to 2/1/2026	Combined Single Limit	500,000
Law Enforcement Officer	2/1/2025 to 2/1/2026	Combined Single Limit	500,000
Errors and Omissions	2/1/2025 to 2/1/2026	Combined Single Limit	500,000
Automotive Liability	2/1/2025 to 2/1/2026	Combined Single Limit	500,000

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

7. UTILITY RATES

The following is a summary of the utility rates in effect for the fiscal year ended June 30, 2025:

Water - Residential	
Up to 2,000 Gallons	\$ 10.00
Over 2,000 Gallons	Additional \$3.00 per Thousand
Water - Commercial	
Up to 2,000 Gallons	\$ 20.00
Over 2,000 Gallons	Additional \$3.00 per Thousand
Sewer – Residential	
Up to 2,000 Gallons	\$ 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	
July 1, 2024 – March 31, 2025	Fixed Rate of \$20.00
Beginning April 1, 2025	Fixed Rate of \$26.00

At June 30, 2025, the Village served the following customers:

Water	664
Sewer	323
Garbage	305
Total	1,292

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025:

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>	<u>Amounts Due Within One Year</u>
Revenue Bonds:				
Balance at July 1, 2024	\$ 263,960	\$ 1,795,400	\$ 2,059,360	
Bonds Issued	-	-	-	
Bonds Retired	(18,880)	(34,589)	(53,469)	
Balance at June 30, 2025	<u>\$ 245,080</u>	<u>\$ 1,760,811</u>	<u>\$ 2,005,891</u>	<u>\$ 55,451</u>

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.

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.

\$ 245,080

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.

\$ 155,586

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.

\$ 1,605,225

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

8. LONG-TERM LIABILITIES (Continued)

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>
2026	\$ 19,777	\$ 11,235	\$ 35,674	\$ 50,643	\$ 55,451	\$ 61,878
2027	20,737	10,275	36,789	49,527	57,526	59,802
2028	21,744	9,268	37,942	48,374	59,686	57,642
2029	22,799	8,213	39,132	47,184	61,931	55,397
2030	23,906	7,106	40,362	45,954	64,268	53,060
2031-2035	136,117	16,946	221,729	209,851	357,846	226,797
2036-2040	-	-	259,224	172,356	259,224	172,356
2041-2045	-	-	244,918	133,050	244,918	133,050
2046-2050	-	-	264,772	98,708	264,772	98,708
2051-2055	-	-	303,751	59,729	303,751	59,729
2056-2060	-	-	276,518	15,892	276,518	15,892
Total	<u>\$ 245,080</u>	<u>\$ 63,043</u>	<u>\$ 1,760,811</u>	<u>\$ 931,268</u>	<u>\$ 2,005,891</u>	<u>\$ 994,311</u>

The following is a summary of the changes in the Village of Folsom’s compensated absences for the year ended June 30, 2025:

	(Restated)		Amounts	
	Balance		Balance	Due Within
	<u>June 30, 2024</u>	<u>Net Change</u>	<u>June 30, 2025</u>	<u>One Year</u>
Compensated absences	<u>\$ 31,228</u>	<u>\$ 7,384</u>	<u>\$ 38,612</u>	<u>\$ 16,557</u>

Information about the changes in the net pension liabilities is contained in note 5.

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

9. INTERFUND RECEIVABLE/PAYABLE (Continued)

The composition of interfund balances at June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sales Tax Fund	\$ 88,934
	Water Fund	4,278
	Sewer Fund	12,248
Streets & Drainage Fund	General Fund	3,856
Water Fund	Garbage Fund	6,628
Sewer Fund	Water Fund	18,043
		\$ 133,987

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, 2025, is as follows:

	Transfer In				Total
	General Fund	Streets & Drainage Fund	Water Fund	Sewer Fund	
Transfer Out:					
General Fund	\$ -	\$ 2,000	\$ -	\$ 6,450	\$ 8,450
Sales Tax Fund	789,612	133,539	-	-	923,151
Streets & Drainage Fund	-	-	-	39,407	39,407
Sewer Fund	-	40,151	10,058	-	50,209
Garbage Fund	-	-	5,015	-	5,015
Governmental Activities	-	-	32,114	1,083	33,197
	\$ 789,612	\$ 175,690	\$ 47,187	\$ 46,940	\$ 1,059,429

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, 2025, \$290,438 was restricted under this agreement.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

11. RESTRICTED ASSETS (Continued)

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. As of June 30, 2025, \$247,877 was restricted under the bond issuances. 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, 2025, the requirements had been met for the Water and Sewer Reserve 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, 2025, the requirements had been met for the Water and Sewer Funds.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, the Village carried insurance through various commercial carriers to cover all risk of losses. Information about the Village’s insurance coverages is contained in note 6. 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. CHANGE IN ACCOUNTING PRINCIPLE:

For the fiscal year ended June 30, 2025, the Village has implemented Governmental Standards Accounting Board (GASB) Statement No. 101, *Compensated Absences*. The provisions of this Statement are effective for fiscal years beginning after December 15, 2023, and are required to be applied retroactively by restating beginning balances.

This new standard supersedes prior guidance and establishes a unified model for the recognition and measurement of compensated absences. Previously, the entity only reported a compensated absence liability for the cash payout that would be owed to an employee upon termination or retirement. As a result of this change, the Village is now required to recognize a more comprehensive liability for compensated absences, which includes an estimation for earned annual and sick leave that is more likely than not to be settled at a future date as paid in cash or paid time off, which was not previously required to be accrued. The change results in a restatement of the government-wide Statement of Net Position. The effect of the restatement on June 30, 2024, beginning balance is as follows:

	Governmental Activities	Business-Type Activities	Total
Net Position balance at June 30, 2024, as previously reported	\$ 5,001,454	\$ 2,256,972	\$ 7,258,426
Adjustment for implementation of GASBS 101:			
Recognition of compensated absences liability	(17,510)	(1,838)	(19,348)
Net Position balance at June 30, 2024, as restated	\$ 4,983,944	\$ 2,255,134	\$ 7,239,078

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2025
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Franchise taxes	\$ 70,000	\$ 75,000	\$ 74,627	\$ (373)
Other	7,000	7,600	6,646	(954)
Insurance licenses	67,000	67,000	79,481	12,481
Licenses and permits	72,700	79,300	81,594	2,294
Grant revenues	-	-	100,000	100,000
Other revenues	700	30,400	50,810	20,410
Fines and forfeitures	38,000	36,000	37,508	1,508
Interest income	75,700	75,600	73,700	(1,900)
Total revenues	<u>331,100</u>	<u>370,900</u>	<u>504,366</u>	<u>133,466</u>
Expenditures:				
Current:				
General government	429,850	494,450	491,634	2,816
Public safety	427,539	461,281	462,878	(1,597)
Capital outlay	64,000	293,000	449,532	(156,532)
Total expenditures	<u>921,389</u>	<u>1,248,731</u>	<u>1,404,044</u>	<u>(155,313)</u>
Deficiency of revenues under expenditures	<u>(590,289)</u>	<u>(877,831)</u>	<u>(899,678)</u>	<u>(21,847)</u>
Other financing sources:				
Operating transfers	<u>838,000</u>	<u>860,000</u>	<u>781,162</u>	<u>(78,838)</u>
Total other financing sources	<u>838,000</u>	<u>860,000</u>	<u>781,162</u>	<u>(78,838)</u>
Net change in fund balance	<u>\$ 247,711</u>	<u>\$ (17,831)</u>	<u>(118,516)</u>	<u>\$ (100,685)</u>
Fund balance, beginning of year			<u>1,995,408</u>	
Fund balance, end of year			<u>\$ 1,876,892</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2025
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
General Government:				
Salaries and wages	\$ 166,000	\$ 186,000	\$ 162,508	\$ 23,492
Overtime	200	200	79	121
Payroll tax expense	12,700	14,200	13,684	516
Employees pension plan	16,000	16,000	14,941	1,059
Employee benefits - hospital and life	33,000	39,000	38,811	189
Building inspection fees	7,000	8,300	11,051	(2,751)
Dues and subscriptions	750	750	175	575
Insurance	58,000	87,000	81,574	5,426
Professional - computer	8,000	10,000	9,319	681
Auditors	31,000	31,000	30,800	200
Legal fees	8,000	8,000	9,270	(1,270)
Accountant	37,200	37,200	43,459	(6,259)
Municode	1,600	1,300	860	440
Office supplies	4,800	9,600	13,440	(3,840)
Community events	1,500	1,500	762	738
Payroll expenses	4,000	5,000	3,491	1,509
Publications	400	700	853	(153)
Repairs and maintenance	6,800	7,600	12,703	(5,103)
Xerox	1,800	2,400	1,885	515
Seminars / meetings	3,800	3,300	3,799	(499)
Supplies	8,300	6,500	15,075	(8,575)
Telephone - wireless	2,500	4,100	3,989	111
Internet	7,000	5,300	4,986	314
Other expenses	2,500	2,500	5,741	(3,241)
Utilities expense	7,000	7,000	8,379	(1,379)
Total General Government	<u>\$ 429,850</u>	<u>\$ 494,450</u>	<u>\$ 491,634</u>	<u>\$ 2,816</u>

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Public Safety:				
Salaries and wages	\$ 219,899	\$ 255,000	\$ 252,522	\$ 2,478
Overtime	2,500	2,500	3,997	(1,497)
Retirement expenses	56,841	58,825	57,812	1,013
Payroll taxes	10,793	12,000	12,845	(845)
Employee benefits - hospital and life	65,056	65,056	66,458	(1,402)
Contract labor	500	500	-	500
Equipment	5,000	-	4,050	(4,050)
Radio equipment	15,000	12,000	17,652	(5,652)
Fuel	12,000	12,000	13,803	(1,803)
LA law enforcement fees	1,500	1,500	1,793	(293)
DHH-TH/SCI T.F.	500	500	380	120
Florida Parishes Juvenile Justice	800	800	900	(100)
C.M.I.S. fees	200	200	180	20
Crimestoppers	300	300	360	(60)
Insurance - Liability and W/C	7,700	7,700	8,438	(738)
Telephone	5,450	6,500	6,223	277
Legal and professional	2,000	2,000	1,734	266
Repairs and maintenance	4,000	4,000	2,950	1,050
Office supplies	4,000	6,000	3,338	2,662
Supplies, equipment, and uniforms	5,800	5,800	1,921	3,879
Utilities	3,900	4,300	4,038	262
Training	3,800	3,800	1,484	2,316
Total Public Safety	<u>\$ 427,539</u>	<u>\$ 461,281</u>	<u>\$ 462,878</u>	<u>\$ (1,597)</u>

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2025
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Sales and use	\$ 1,279,000	\$ 1,188,000	\$ 1,236,574	\$ 48,574
Grant revenues	4,000	54,000	5,000	(49,000)
Other revenues	-	-	-	-
Interest income	78,000	74,000	74,804	804
Total revenues	<u>1,361,000</u>	<u>1,316,000</u>	<u>1,316,378</u>	<u>378</u>
Expenditures:				
Public works:				
Salaries and wages	81,000	90,000	84,428	5,572
Overtime	4,600	4,200	5,978	(1,778)
Payroll taxes	6,500	7,200	6,882	318
Employees pension plan	12,000	12,000	11,570	430
Employee benefits - hospital and life	30,000	25,000	24,498	502
Bank service charges	200	200	180	20
Office supplies	-	3,000	-	3,000
Insurance	225	-	2,588	(2,588)
Street lighting	13,000	15,000	15,278	(278)
Capital outlay	45,000	-	-	-
Total expenditures	<u>192,525</u>	<u>156,600</u>	<u>151,402</u>	<u>5,198</u>
Excess of revenues over expenditures	<u>1,168,475</u>	<u>1,159,400</u>	<u>1,164,976</u>	<u>5,576</u>
Other financing sources (uses):				
Operating transfers	<u>(1,000,000)</u>	<u>(990,000)</u>	<u>(923,151)</u>	<u>66,849</u>
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(990,000)</u>	<u>(923,151)</u>	<u>66,849</u>
Net change in fund balance	<u>\$ 168,475</u>	<u>\$ 169,400</u>	241,825	<u>\$ 72,425</u>
Fund balance, beginning			<u>1,928,290</u>	
Fund balance, ending			<u>\$2,170,115</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - STREETS AND DRAINAGE FUND
FOR THE YEAR ENDED JUNE 30, 2025
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Other revenues	\$ -	\$ -	\$ -	\$ -
Interest income	10,800	9,500	10,757	1,257
Total revenues	10,800	9,500	10,757	1,257
Expenditures:				
Public works:				
Permits	-	-	-	-
Office supplies	500	-	-	-
Repairs and maintenance	29,000	88,000	33,723	54,277
Supplies	3,000	2,400	6,106	(3,706)
Equipment	1,000	1,200	6,125	(4,925)
Capital outlay	50,000	75,000	42,689	32,311
Total expenditures	83,500	166,600	88,643	77,957
Deficiency of revenues over expenditures	(72,700)	(157,100)	(77,886)	79,214
Other financing sources (uses)				
Operating transfers	150,000	178,000	175,690	(2,310)
Operating transfers	-	-	(39,407)	(39,407)
Total other financing sources (uses)	150,000	178,000	136,283	(41,717)
Net change in fund balance	\$ 77,300	\$ 20,900	58,397	\$ 37,497
Fund balance, beginning			230,876	
Fund balance, ending			\$ 289,273	

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE TEN YEARS ENDED JUNE 30, 2025

(Unaudited)

<u>Municipal Employees' Retirement System:</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>	<u>2025*</u>
Employer's proportion of net pension liability	0.223993%	0.212602%	0.239184%	0.220627%	0.231703%	0.253631%	0.273008%	0.292004%	0.292742%	0.288320%
Employer's proportionate share of net pension liability	152,236	176,227	206,951	186,613	202,697	229,847	158,156	256,375	234,738	174,945
Employer's covered payroll	156,357	156,150	177,538	163,499	177,343	196,292	200,557	234,760	256,567	262,542
Employer's proportionate share of net pension liability as a percentage of its covered payroll	97%	113%	117%	114%	114%	117%	79%	109%	91%	67%
Plan fiduciary net position as a percentage of the total pension liability	68.71%	63.34%	62.49%	65.60%	66.14%	66.26%	79.14%	69.56%	73.25%	80.10%
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
<u>Municipal Police Employees' Retirement System:</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>	<u>2025*</u>
Employer's proportion of net pension liability	0.037681%	0.048439%	0.050092%	0.045075%	0.047172%	0.050959%	0.053842%	0.049204%	0.045741%	0.039304%
Employer's proportionate share of net pension liability	295,151	454,010	437,326	381,067	428,398	470,975	287,007	502,952	483,252	356,093
Employer's covered payroll	99,905	135,416	142,898	133,021	147,203	160,199	164,263	151,898	154,953	141,496
Employer's proportionate share of net pension liability as a percentage of its covered payroll	295%	335%	306%	286%	291%	294%	175%	331%	312%	252%
Plan fiduciary net position as a percentage of the total pension liability	70.73%	66.04%	70.08%	71.89%	71.01%	70.94%	84.09%	70.80%	71.30%	75.84%
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024

*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 TEN YEARS ENDED JUNE 30, 2025
(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
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%
2022	36,388	36,388	-	234,760	15.50%
2023	39,768	39,768	-	256,567	15.50%
2024	40,710	40,710	-	262,542	15.51%
2025	38,365	38,365	-	274,033	14.00%

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
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%
2022	45,190	45,190	-	151,898	29.75%
2023	48,423	48,423	-	154,953	31.25%
2024	47,691	47,691	-	141,496	33.70%
2025	53,541	53,541	-	150,397	35.60%

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, 2025
(Unaudited)

Municipal Employees' Retirement System:

Changes in Benefit Terms:

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

Measurement Date – June 30, 2021 – None

Measurement Date – June 30, 2022 – None

Measurement Date – June 30, 2023

1. The System granted a 1.6% cost-of-living adjustment to retirees, effective July 1, 2022.

Measurement Date – June 30, 2024 – None

Changes in Assumptions:

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 7.50% in 2015. The inflation rate for MERS was lowered from 3.000% to 2.875% in 2015. The projected salary increase assumption was lowered from 5.75% to 5.00% 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 7.50% to 7.40% in 2017. The inflation rate included in salary increases was lowered from 2.875% to 2.775% in 2017.

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, 2025
 (Unaudited)

Municipal Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

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 7.400% to 7.275% in 2018. The inflation rate included in salary increases was lowered from 2.775% to 2.600%. Expected remaining services lives was lowered from 4 years for Plan B to 3 years.

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 7.000% 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, 2025
 (Unaudited)

Municipal Employees’ Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2021:

1. Amounts reported in the actuary valuation dated June 30, 2021, for MERS reflect an adjustment in the discount rate to measure the total pension liability. The discount rate for MERS was lowered from 6.95% to 6.85% in 2021.

Measurement Date – June 30, 2022 – None

Measurement Date – June 30, 2023 – None

Measurement Date – June 30, 2024:

1. Amounts reported in the actuary valuation dated June 30, 2024, for MERS reflect an adjustment in the projected salary increases and the mortality rate assumptions used to measure the total pension liability. The projected salary increase assumption was increased from 7.40% to 9.50% for participants with 1 to 2 years of service and lowered from 4.90% to 4.60% for participants with more than 2 years of service in 2024. The mortality rate assumptions were updated in 2024 and are detailed in the below table.

	June 30, 2024	June 30, 2023
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales.	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 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.	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 115% for males and 120% for females with the full generational MP2021 scale.	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

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, 2025
(Unaudited)

Municipal Police Employees' Retirement System:

Changes in Benefit Terms:

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

Measurement Date – June 30, 2021 – None

Measurement Date – June 30, 2022 – None

Measurement Date – June 30, 2023

1. The System granted a 3% cost-of-living adjustment to retirees, effective July 1, 2022.

Measurement Date – June 30, 2024

1. The maximum DROP participation period was increased from 3 years to 5 years, effective July 1, 2024.

Changes in Assumptions:

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 7.50% in 2015. The inflation rate was lowered from 3.000% 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:

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, 2025
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2015: (Continued)

<u>Years of Service</u>	<u>June 30, 2015 Salary Growth Rate</u>	<u>June 30, 2014 Salary Growth Rate</u>
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%

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 lowered from 7.500% to 7.325% in 2017. The inflation rate included in salary increases was lowered from 2.875% to 2.700% 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 7.200% 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 7.200% 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:

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, 2025
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2020: (Continued)

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%

Measurement Date – June 30, 2021:

1. Amounts reported in the actuary valuation dated June 30, 2021, for MPERS reflect an adjustment in the discount rate to measure the total pension liability. The discount rate was lowered from 6.95% to 6.75% in 2021.

Measurement Date – June 30, 2022 – None

Measurement Date – June 30, 2023 – None

Measurement Date – June 30, 2024 – None

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF FOLSOM, LOUISIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION PAID TO GOVERNING BOARD
FOR THE YEAR ENDED JUNE 30, 2025

Governing Boardmember	Compensation
Lance Willie Mayor 116 Keeneland Place #20 Folsom, LA 70437	\$ 12,000
Jill Mathies Alderwoman 396 Village Farms Lane Folsom, LA 70437	4,800
Deanna Mingo Alderwoman 82499 Willow Street Folsom, LA 70437	5,600
George Garrett Alderman 419 Village Farms Lane Folsom, LA 70437	11,200
Shawn Dillon Alderman 82414 Austin Street Folsom, LA 70437	11,200
Total	\$ 44,800

VILLAGE OF FOLSOM, LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, OR OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2025

Agency Head Name: Mayor Lance Willie – July 01, 2024 to June 30, 2025

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Reimbursements	-
Travel	-
	<u>\$ 12,000</u>

VILLAGE OF FOLSOM, LOUISIANA
SUPPLEMENTARY INFORMATION
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Cash Basis Presentation
As Required by La. R.S. 24:515.2

	Amount for 07/01/2024 - 12/31/2024	Amount for 01/01/2025 - 06/30/2025
Beginning Cash Balance	\$ 165	\$ 458
Collections		
Criminal Court Costs/Fees	18,397	18,661
Total Collected	18,397	18,661
Deductions: Collections Retained by the Village of Folsom		
Criminal Court Costs/Fees	16,867	17,106
Total Collections Retained by the Village of Folsom	16,867	17,106
Details of Disbursements to Other Governments & Nonprofits		
Crimestoppers, Inc. - Court Costs / Fees	126	172
Florida Parishes Juvenile Justice Commission Juvenile Detention Center Operations Fund - Court Costs / Fees	315	430
Louisiana Commission on Law Enforcement Crime Victims Reparations Fund - Court Costs / Fees	473	645
Louisiana Commission on Law Enforcement POST Law Enforcement Training and Assistance Fund - Court Costs / Fees	123	169
Louisiana Department of Health and Hospitals Traumatic Head and Spinal Injury Trust Fund - Court Costs / Fees	105	200
Louisiana Supreme Court Louisiana Judicial College Collections - Court Costs / Fees	32	43
State of Louisiana Treasurer - Trial Court Management Information System - Court Costs / Fees	63	86
Deductions: Total Disbursements to Other Governments & Nonprofits	1,237	1,745
Total Amounts Disbursed/Retained	18,104	18,851
Ending Cash Balance	\$ 458	\$ 268



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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

March 31, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, and have issued our report thereon dated March 31, 2026.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as 2025-01, 2025-02, and 2025-03.

Village of Folsom, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Folsom, Louisiana's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on the responses.

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 Louisiana Legislative Auditor as a public document.



Metairie, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2025

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 (2025-01, 2025-02, and 2025-03)
5. Management Letter Issued – No

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

Finding 2025-01: Missing Budget Certification

Criteria:

Per the Louisiana Local Government Budget Act, a political subdivision shall publish a notice in the official journal that certifies that all required action has taken place. This “certification notice” must be completed in the same manner that is required for the notice related to the proposed budget and public hearing. Certification may not occur until after completion of the budgeting process.

Condition and Cause:

During our audit, we noted the Village of Folsom did not publish a notice that its 2024-2025 budget was certified as complete of public participation requirements.

Effect:

The Village of Folsom was not in compliance with the Louisiana Local Government Budget Act as the Village did not publish a notice to certify that its budget was complete of public participation requirements.

Recommendation:

We recommend that the Village of Folsom publish a certification notice once the Village has completed its budgeting process, each year. The certification should include language that the Village of Folsom has complied with Louisiana Revised Statute 39:1307 relative to public participation in the budget process for the year ended and that the notice of availability for public inspection and public hearing was held in compliance with applicable statutes.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2025

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

Finding 2025-01: Missing Budget Certification (Continued)

Management Response:

For future budgets, the Mayor of the Village of Folsom will ensure that the notice that certifies the budget as complete will be published.

Finding 2025-02: Amending Budget - Budget Variances

Criteria:

Per the Louisiana Local Government Budget Act, an 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, or when total actual revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet the total budgeted revenues and other sources by five percent (5%) or more.

Condition and Cause:

During our audit, it was noted that the even though the Village of Folsom did adopt an amended budget for the General Fund, the total actual expenditures and other uses of the General Fund exceeded the total budgeted expenditures and other uses by more than five percent (5%). The increased actual expenditures and total other uses in the General Fund was related to the purchase of two police vehicles and police building improvements in the fourth quarter of the year that were not taken into account when the budget was being amended.

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 budgets and actual expenditures and other uses of the General Fund so that the budget can be amended in a timely manner, when necessary.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2025

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

Finding 2025-02: Amending Budget - Budget Variances (Continued)

Management Response:

For future budgets, the Village of Folsom will enhance its budget monitoring and amendment process by performing a comprehensive review of anticipated year-end expenditures prior to adoption of final budget amendments. This review will include the identification of significant and non-routine items, such as capital outlays and project-related expenditures, to ensure they are appropriately reflected in the amended budget and that actual expenditures remain within the allowable variance threshold.

Finding 2025-03: Late Submission of Audit Report to Louisiana Legislative Auditor

Criteria:

Per Louisiana Revised Statute R.S. 24.513, local auditee audit reports must be submitted no later than six months after the local auditee's fiscal year end.

Condition and Cause:

The audit for the fiscal year ended June 30, 2025 was not submitted to the Louisiana Legislative Auditor by the statutory due date, six months after year end, as required by the State of Louisiana's audit law. Due to the illness of key financial personnel, a non-emergency extension was requested from the Louisiana Legislative Auditor. While the extension was approved by the Louisiana Legislative Auditor, the report was not submitted within the statutory deadline which requires a finding to be issued.

Effect:

Late submission of the audit report resulted in noncompliance with the State of Louisiana's audit law.

Recommendation:

We recommend that the Village of Folsom ensure the financial records are reconciled and closed promptly following the end of the fiscal year to ensure the audit can be completed by the deadline.

Management Response:

For the future, the Village of Folsom will ensure the financial records are reconciled and closed promptly following the end of the fiscal year to ensure the audit can be completed by the deadline.

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2024

Finding 2024-01:

Criteria: Per the Louisiana Local Government Budget Act, the budget must include a budget message that is signed by the budget preparer and that contains: (1) a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and (2) discussion of the most important features. Also, per the Louisiana Local Government Budget Act, a political subdivision shall publish a notice in the official journal that certifies that all required action has taken place. This “certification notice” must be completed in the same manner that is required for the notice related to the proposed budget and public hearing. Certification may not occur until after completion of the budgeting process. Finally, per the Louisiana Local Government Budget Act, the proposed budget shall be made available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

Condition and Cause: During our audit, we noted the following: the Village of Folsom did not include a budget message in its budget; the Village of Folsom did not publish a notice that its 2023-2024 budget was certified as complete of public participation requirements; and the Village of Folsom did not make the proposed budget available for public inspection more than fifteen days prior to the beginning of the fiscal year.

Effect: The Village of Folsom was not in compliance with the Louisiana Local Government Budget Act as the Village did not include a budget message in its budget, the Village did not publish a notice to certify that its budget was complete of public participation requirements, and the Village did not make the proposed budget available for public inspection more than fifteen days prior to the beginning of the fiscal year.

Recommendation: We recommend that the Village of Folsom follow the requirements of the Louisiana Local Government Budget Act and include a budget message with its annual budget that addresses all of the requirements of the budget law and make the proposed budget available for public inspection more than fifteen days before the beginning of the fiscal year. We also recommend that the Village of Folsom publish a certification notice once the Village has completed its budgeting process, each year. The certification should include language that the Village of Folsom has complied with Louisiana Revised Statute 39:1307 relative to public participation in the budget process for the year ended and that the notice of availability for public inspection and public hearing were held in compliance with applicable statutes.

Management Response: For future budgets, the Mayor of the Village of Folsom will ensure that a budget message is attached to each budget and the notice that certifies the budget as complete will be published.

Status: Partially resolved. Since the 2024 – 2025 budget was already adopted when this audit finding was noted in the prior year, management was unable to implement our recommendation for fiscal year ended June 30, 2025. See 2025-01.

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2024

Finding 2024-02:

Criteria: Per the Louisiana Local Government Budget Act, an 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 Streets and Drainage Fund. Total actual expenditures and other uses of the Streets and Drainage Fund exceeded the total budgeted expenditures and other uses by more than five percent (5%). The increased actual expenditures and total other uses in the Streets and Drainage Fund was related to an unexpected other financing use during the current year in which the Streets and Drainage Fund transferred funds to the General Fund for an expense that should have been paid by the Streets and Drainage Fund.

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 Streets and Drainage 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 budgets to ensure variances exceeding 5% are properly addressed through the budget amendment process.

Status: Since the 2024 – 2025 budget was already adopted when this audit finding was noted in the prior year, management was unable to implement our recommendation for fiscal year ended June 30, 2025. See 2025-02.

Finding 2024-03:

Criteria: The 2019 Sewer Revenue Bonds require that a Reserve Fund be maintained solely for the purpose of paying the principal of and interest on bonds payable from the Debt Service Fund as to which there would otherwise be default. For the period of 7/20/2019-3/20/2043, a sum of \$57 per month was to be deposited in the Reserve Fund until the acceptance of the project being financed with the Series 2019 Bonds; then the sum of \$360 must be deposited monthly. For the following period of 4/20/2043 – 6/20/2059, a sum of \$303 per month must be deposited monthly until \$86,316 is on deposit therein.

Condition and Cause: During our audit, we noted that the Village of Folsom opened a separate bank account in the fiscal year ended June 30, 2024, to function as the Sewer Bond Reserve Account, but there were no monthly deposits to the account other than the monthly interest earned on the account. For the period July 1, 2023 to June 30, 2024, the Village was to deposit \$360 monthly to fund the Sewer Bond Reserve Fund, but those deposits were not being made to the new Sewer Bond Reserve bank account.

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2024

Finding 2024-03: (Continued)

Effect: The Village of Folsom's reserve balance is underfunded.

Recommendation: We recommend the Village fund the Sewer Bond Reserve Fund in accordance with the requirements of the bonds.

Management Response: The Village of Folsom will more closely monitor its bond reserve accounts to ensure that monthly reserve deposits are being made in accordance with the requirements of the bonds.

Status: Resolved

VILLAGE OF FOLSOM, LOUISIANA
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL YEAR JULY 01, 2024
THROUGH JUNE 30, 2025

VILLAGE OF FOLSOM, LOUISIANA

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INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL YEAR JULY 01, 2024
THROUGH JUNE 30, 2025

March 31, 2026

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2024 through June 30, 2025. The Village of Folsom, Louisiana’s management is responsible for those C/C areas identified in the SAUPs.

The Village of Folsom, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 01, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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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1) Written Policies and Procedures

- A. **Procedure**: Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

March 31, 2026

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

- The Ethics policies and procedures did not address the following:
 - A system to monitor possible ethics violations.
 - A requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- The Prevention of Sexual Harassment policies and procedures did not address annual reporting.

Recommendations: We recommend that the Village of Folsom review all of its written policies and procedures on an annual basis to ensure that policies and procedures are up-to-date and include all applicable requirements.

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

2) **Board or Finance Committee**

- A. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual

March 31, 2026

comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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

- The minutes of the meetings of the Board of Aldermen did not document if the Board received written updates on the progress of resolving audit finding(s), according to management's corrective action plan until the findings were considered fully resolved. There were three audit findings noted in the audit report for the fiscal year ended June 30, 2024:
 - 2024-01: During the audit, it was noted that the Village of Folsom did not include a budget message in its budget. It was also noted that the Village did not publish a notice that its 2023-2024 budget was certified as complete of public participation requirements. Finally, the Village did not make the proposed budget available for public inspection more than fifteen days prior the beginning of the fiscal year.
 - 2024-02: During the audit, it was noted that the Village of Folsom did not adopt an amended budget for the Streets and Drainage Fund. Total actual expenditures and other uses of the Streets and Drainage Fund exceed the total budgeted expenditures and other uses by more than five percent (5%).
 - 2024-03: During our audit, we noted that the Village of Folsom opened a separate bank account in the fiscal year ended June 30, 2024, to function as the Sewer Bond Reserve Account, but there were no monthly deposits to the account other than the monthly interest earned on the account. For the period July 1, 2023 to June 30, 2024, the Village was to deposit \$360 monthly to fund the Sewer Bond Reserve Fund, but those deposits were not being made to the new Sewer Bond Reserve Bank account.

March 31, 2026

Recommendations: We recommend that when there are audit findings noted in the annual audit report, those findings be discussed at the monthly meetings of the Board of Aldermen until they are considered to be fully resolved.

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

3) *Bank Reconciliations*

- A. **Procedure:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

- On 5 of the 5 bank reconciliations selected for testing, there was no evidence that they were prepared within two months of the related statement closing date. The bank statements selected were for the month ended February 28, 2025, and the bank reconciliations were noted as having a preparation date of May 07, 2025.
- On 3 of the 5 bank reconciliations selected for testing, there was no written evidence noted that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared.
- On 2 of the 5 bank reconciliations selected for testing, there were reconciling items noted that had been outstanding for more than 12 months from the statement closing date. Management did not have documentation reflecting that it has researched the reconciling items. On the first bank reconciliation, there were 7 reconciling items noted that had been outstanding for more than 12 months from the statement closing date. On the second bank

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reconciliation, there was 1 reconciling item noted that had been outstanding for more than 12 months from the statement closing date.

Recommendations: We recommend that the bank reconciliations be prepared within two months of the related statement closing date. We also recommend all bank reconciliations have written management or board member review and approval noted within one month of the bank reconciliation being prepared. Finally, we recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month-to-month.

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

4) Collections (excluding electronic funds transfers)

A. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

B. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

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- C. **Procedure**: Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

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

- The bond or insurance policy in place did not cover all employees who have access to cash during the fiscal period tested. The bond or insurance policy in place did not reflect a change in the status of a bonded employment position. An Alderwoman covered by the bond or insurance policy passed away and was replaced by a new Alderwoman in December 2024. The change has not yet been reflected in the bond or insurance policy, despite attempts by the Village of Folsom to make a change.

Recommendations: We recommend that management make get the policy corrected as soon as possible.

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

- D. **Procedure**: Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

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

5) **Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

March 31, 2026

- A. **Procedure**: 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.

- B. **Procedure**: For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. 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;
- iv. 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; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- C. **Procedure**: For each location selected under procedure #5A 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:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

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

D. **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

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

- The Village of Folsom, Louisiana's monthly electric and internet bills are paid via automatic ACH withdrawal from the Village's bank account. It was noted that there was an authorization signed by both the Mayor and an Alderman to direct automatic ACH withdrawal from the Village's bank account for the monthly electric bills, but there was not an authorization noted for the monthly internet bills.

Recommendations: We recommend that the Village of Folsom, Louisiana maintain documentation of the applicable authorizations when signing up for monthly automatic payments of recurring expenses that will be paid automatically by electronic disbursement.

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

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

B. **Procedure:** 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:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

March 31, 2026

- ii. 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:

- On 2 of the 5 credit card statements selected for testing, there was no evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder. While there was no evidence of written review and approval on the monthly credit card statements, it is noted that payments issued for the statements were signed by both the Mayor and a member of the Board of Aldermen.
- On 1 of the 5 credit cards selected for testing, a late fee of \$39.99 was assessed on the monthly statement.

Recommendations: We recommend that when checks are signed for payment, that the check signers also initial and date the credit card statements to indicate that the credit card statements have been reviewed and approved. We also recommend that the Village pay monthly credit card statements timely to avoid the incurrence of late fees.

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

- C. **Procedure:** Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe 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:

- On 4 of the 5 transactions tested, the transactions did not include written documentation of the business/public purpose of the transaction.

Recommendations: We recommend that all transactions include written documentation of the business/public purpose.

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

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

March 31, 2026

- A. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/oa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

- On 1 of the 5 reimbursements selected for testing, the amount reimbursed was different than the amount submitted for reimbursement. There appears to have been a transposition of the amount of reimbursement. The check was written for \$550.71 and the reimbursement was for \$550.17.
- On 1 of the 5 reimbursements selected for testing, there was no evidence that the reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Recommendations: We recommend that management confirm amount of reimbursement after the check is written. We also recommend that all reimbursements be reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

8) *Debt Service*

- A. **Procedure:** 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

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obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

- B. **Procedure:** 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.

9) *Fraud Notice*

- A. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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

- B. **Procedure:** Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

- The Village maintains a link to the notice required by R.S. 24:523.1 on its website, but the link is broken and does not include the applicable contact information of the LLA Hotline.

Recommendations: We recommend the Village correct the link on its website to ensure that the contact information of the LLA Hotline is included on its website.

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

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 and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we

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

March 31, 2026

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 other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

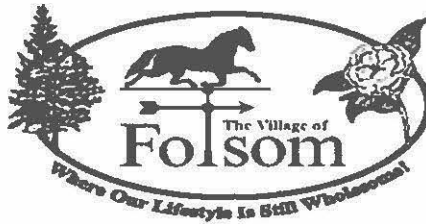
Metairie, Louisiana 

APPENIDX A

MANAGEMENT'S RESPONSE

Village of Folsom
Mayor-- Lance Willie

Alderwoman – DeAnna Mingo
Alderman – George Garrett
Alderman – Shawn Dillon



Margra Steele - Municipal Clerk
Shilo Bruhl - Chief of Police
Village Attorney – Roy Burns

March 31, 2026

Duplantier, Hrapmann, Hogan & Maher, LLP
Certified Public Accountants
3510 N. Causeway Blvd., Suite 500
Metairie, LA 70002

This letter is in response to the findings noted for the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures performed for the period July 1, 2023, through June 30, 2024. Listed below are the changes that will be implemented to address all findings:

1) Written Policies and Procedures

1. Procedure A(ix) – Ethics

The Village of Folsom will create an ethics policy that applies to all Village of Folsom employees.

2. Procedure A(xii) – Prevention of Sexual Harassment

All Village of Folsom employees are required to complete sexual harassment training. Additionally, a formal policy will be developed and implemented to prevent sexual harassment in the workplace.

2) Board or Finance Committee

1. Procedure A(iv) – Written Updates on Progress of Resolving Audit Findings

The Village of Folsom will develop a more detailed written report each year outlining the ongoing progress and actions taken to resolve audit findings.

3) Bank Reconciliations

1. Procedure A(i) – Bank Reconciliations Prepared within 2 Months of the Related Statement Closing Date

The Village of Folsom will implement measures to ensure that all bank reconciliations are prepared within two months of the related statement closing date.

These measures will include establishing clear deadlines, assigning specific personnel responsible for completing reconciliations, and implementing a review process to verify accuracy and timeliness.

2. Procedure A(ii) – Written Evidence of Review and Approval within 1 Month of Preparation Date Village of Folsom bank statements and reconciliations

The Village of Folsom will create a policy that requires the Mayor and/or an Alderman Board member to review bank statements and reconciliations within one month of the preparation date.

3. Procedure A(iii) – Research of Outstanding Items

The Village of Folsom bank reconciliations will be reviewed periodically throughout the year for old o/s items, so they will be researched and resolved in a timely manner.

4) Collections (excluding electronic funds transfers)

1. Procedure C – Bond or Insurance Police for Theft Covering All Employees who have Access to Cash

The Village of Folsom will ensure the bond or insurance covering all employees who have access to cash will be updated as needed and verified for accuracy.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

1. Procedure D – Electronic Disbursements

The Village of Folsom will enhance its procedures to ensure that all non-payroll disbursements are properly documented, reviewed, and approved prior to payment.

The Village will implement a formal approval process requiring personnel to review expenditures for accuracy and completeness.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

1. Procedure B(i) – Written Review of Statement

The Village of Folsom will sign each credit card statement, including the date. The Mayor and a member of the Alderman Board can sign as the approval authority.

2. Procedure B(ii) – Late Fee

The Village of Folsom will ensure that all payments are made on time each month

3. Procedure C – Written Documentation of Business / Public Purpose

The Village of Folsom will ensure that the purpose of items purchased will be included on each statement

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

1. Procedure A(ii) – Actual Costs not in Agreement with Reimbursement

The Village of Folsom will follow the GSA per diem rates as it relates to travel, and a clear outline of the travel policy will be included

2. Procedure A(iv) – Written Review and Approval

The Village of Folsom will create a policy for approval of travel/travel relates expense. The Mayor or any Alderman Board member can sign as the approval authority.

12) Fraud Notice

1. Procedure B – Fraud Notice on Website

The Village of Folsom fraud notice on the website will be repaired and reviewed regularly to ensure links function correctly.

Signed:



Lance Willie

Honorable Mayor, Village of Folsom, Louisiana