

VILLAGE OF FOLSOM, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2022

VILLAGE OF FOLSOM, LOUISIANA

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December 30, 2022

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, 2022, 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, 2022, 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 *Governmental Auditing Standards*, we have also issued our report dated December 30, 2022, on our consideration of the Village of Folsom, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Folsom, Louisiana's internal control over financial reporting and compliance.


New Orleans, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2022
(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, 2022. This Management’s Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village’s financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village’s short-term and long-term activities, based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village’s financial activity, identify changes in the Village’s financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget) and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes to financial statements and the other Required Supplementary Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

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

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

1. Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the Village’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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

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

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

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

Government-Wide Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. The Village's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,607,724 (net position). The Village's net position is comprised of \$3,535,611 from governmental activities and \$2,072,113 from business-type activities as shown on the Statement of Net Position.

Approximately 41% of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, Village infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used and are classified as such. The remaining balance consists of unrestricted net position.

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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

1. Government-Wide Financial Statements (Continued)

Condensed Statements of Net Position						
<u>June 30, 2022 and 2021</u>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current & other assets	\$ 3,308,059	\$ 2,891,335	\$ 792,574	\$ 726,487	\$ 4,100,633	\$ 3,617,822
Capital assets	876,597	738,461	3,571,990	3,715,798	4,448,587	4,454,259
Total assets	<u>4,184,656</u>	<u>3,629,796</u>	<u>4,364,564</u>	<u>4,442,285</u>	<u>8,549,220</u>	<u>8,072,081</u>
Deferred outflows	157,415	219,238	16,277	21,402	173,692	240,640
Long-term liabilities	401,013	636,659	2,155,075	2,224,790	2,556,088	2,861,449
Other liabilities	217,707	22,071	139,508	133,825	357,215	155,896
Total liabilities	<u>618,720</u>	<u>658,730</u>	<u>2,294,583</u>	<u>2,358,615</u>	<u>2,913,303</u>	<u>3,017,345</u>
Deferred inflows	187,740	51,871	14,145	1,156	201,885	53,027
Net position						
Net investment in						
capital assets	876,597	738,461	1,411,375	1,507,257	2,287,972	2,245,718
Restricted	128,907	224,738	272,196	223,442	401,103	448,180
Unrestricted	<u>2,530,107</u>	<u>2,175,234</u>	<u>388,542</u>	<u>373,217</u>	<u>2,918,649</u>	<u>2,548,451</u>
Total net position	<u>\$ 3,535,611</u>	<u>\$ 3,138,433</u>	<u>\$ 2,072,113</u>	<u>\$ 2,103,916</u>	<u>\$ 5,607,724</u>	<u>\$ 5,242,349</u>

Governmental Activities

The governmental activities of the Village include General Government, Public Safety, and Public Works. Sales taxes, franchise taxes, occupational licenses and permits, fines, and other revenues fund most of these governmental activities.

The following shows the Village's expenses related to those functions typically associated with governments. Below, we show the General Government expenses, which include salaries, building costs, alderman fees, depreciation, and other general administration costs. Public Safety expenses encompass the Police Department. Public Works expenses include salaries and maintenance of infrastructure.

	<u>For the Year Ended June 30,</u>			
	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Governmental Activities Expenses:				
General Government	\$ 424,256	37%	\$ 313,619	35%
Public Safety	396,438	35%	421,898	47%
Public Works	316,897	28%	160,425	18%
Total Governmental Activities	<u>\$ 1,137,591</u>	<u>100%</u>	<u>\$ 895,942</u>	<u>100%</u>

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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

	For the Year Ended June 30,			
	2022	%	2021	%
General Revenues:				
Taxes	\$ 1,176,613	84%	\$ 1,065,940	72%
Insurance Licenses	70,413	5%	75,384	5%
Licenses and Permits	76,258	5%	62,111	4%
Other General Revenues	52,319	4%	54,908	4%
Fines and Forfeitures	31,871	2%	24,558	2%
Investment Earnings	1,884	0%	2,085	0%
Net Transfers In (Out)	-	0%	200,000	13%
Total General Revenues and Transfers	\$ 1,409,358	100%	\$ 1,484,986	100%

Business-Type Activities

The business-type activities of the Village are those that the Village charges a fee to customers to help it cover all or most of certain services it provides. The Village's water, sewer, and garbage departments are reported here.

	Water Fund		Sewer Fund		Garbage Fund	
	For the Year		For the Year		For the Year	
	Ended June 30,		Ended June 30,		Ended June 30,	
	2022	2021	2022	2021	2022	2021
Operating Revenues	\$ 198,327	\$ 184,715	\$ 219,015	\$ 211,751	\$ 62,771	\$ 60,474
Operating Expenses	252,269	231,623	133,490	132,154	63,788	61,924
Net Operating Income (Loss)	\$ (53,942)	\$ (46,908)	\$ 85,525	\$ 79,597	\$ (1,017)	\$ (1,450)

2. Fund Financial Statements

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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

2. Fund Financial Statements (Continued)

Governmental Funds

Governmental funds are used to account for most of the Village's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciling statements are presented on pages 15 and 17 of this report.

The Village has three individual governmental funds at June 30, 2022. 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 \$3,098,114. In the General Fund, the nonspendable for prepaid amounts balance is \$5,599, the assigned for public safety balance is \$238,783, and the unassigned fund balance is \$1,133,328. In the Sales Tax Fund, the nonspendable for prepaid amounts balance is \$1,864 and the assigned for public works fund balance is \$1,494,431. In the Streets and Drainage Fund, the restricted for public works fund balance is \$224,109.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

2. Fund Financial Statements (Continued)

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

	General Fund	Sales Tax Fund	Streets and Drainage Fund
Fund Balance at June 30, 2021	\$ 1,302,788	\$ 1,352,726	\$ 224,738
Fund Balance at June 30, 2022	1,377,710	1,496,295	224,109
Increase (Decrease) in Fund Balance	\$ 74,922	\$ 143,569	\$ (629)

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water, Sewer, and Garbage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the Water, Sewer, and Garbage departments, which are considered to be major funds of the Village. The basic proprietary fund financial statements are presented on pages 18 through 21 of this report.

3. Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 57 of this report.

4. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is presented on pages 58 through 69 of this report.

5. Other Supplementary Information

The Schedule of Compensation Paid to Governing Board is presented on page 70 of this report. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented on page 71 of this report. The Justice System Funding Schedule – Collecting/Disbursing Entity is presented on page 72 of this report.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

5. Other Supplementary Information (Continued)

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$4,448,587 (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 \$42,254. This was primarily due to construction in progress of a gazebo and walking track located behind Town Hall.

	Capital Assets, Net of Accumulated Depreciation					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 285,000	\$ 285,000	\$ 14,350	\$ 14,350	\$ 299,350	\$ 299,350
Construction in progress	116,520	-	-	-	116,520	-
Buildings and improvements	45,137	47,208	-	-	45,137	47,208
Equipment, furniture, and vehicles	98,917	129,653	-	-	98,917	129,653
Street Improvements	331,023	276,600	-	-	331,023	276,600
Water system and equipment	-	-	899,385	958,743	899,385	958,743
Sewer system and equipment	-	-	2,658,255	2,742,705	2,658,255	2,742,705
Total	\$ 876,597	\$ 738,461	\$ 3,571,990	\$ 3,715,798	\$ 4,448,587	\$ 4,454,259

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 \$2,160,615. 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	
	2022	2021
Revenue Bonds	\$ 2,160,615	\$ 2,208,541
Total long-term debt	\$ 2,160,615	\$ 2,208,541

The Village's total debt decreased by \$47,926 during the current fiscal year. Additional information on the Village's long-term debt can be found in Note 8 of this report.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2022
(Unaudited)

5. Other Supplementary Information (Continued)

General Fund Budgetary Highlights

During the year, the budget was amended to increase salaries in the Sales Tax Fund by \$25,000 and to decrease capital outlay in the Streets and Drainage Fund by the same amount.

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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 2,801,967	\$ 469,287	\$ 3,271,254
Receivables, net			
Water, sewer, and garbage	-	37,880	37,880
Sales taxes	199,341	-	199,341
Grants	125,411	14,705	140,116
Other	41,311	-	41,311
Internal balances	3,659	(3,659)	-
Prepaid expenses	7,463	2,165	9,628
Restricted cash and cash equivalents	128,907	272,196	401,103
Capital assets, net	876,597	3,571,990	4,448,587
Total assets	<u>4,184,656</u>	<u>4,364,564</u>	<u>8,549,220</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	<u>157,415</u>	<u>16,277</u>	<u>173,692</u>
Liabilities:			
Accounts payable	44,180	8,290	52,470
Accrued liabilities	6,359	5,246	11,605
Compensated absences	7,762	1,592	9,354
Payable from restricted assets:			
Customer deposits	-	74,690	74,690
Revenue bonds - due within one year	-	49,690	49,690
Unearned grant income	159,406	-	159,406
Revenue bonds - due in more than one year	-	2,110,925	2,110,925
Net pension liability - due in more than one year	401,013	44,150	445,163
Total liabilities	<u>618,720</u>	<u>2,294,583</u>	<u>2,913,303</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	<u>187,740</u>	<u>14,145</u>	<u>201,885</u>
Net Position:			
Net investment in capital assets	876,597	1,411,375	2,287,972
Restricted:			
Debt service	-	197,506	197,506
Customer deposits	-	74,690	74,690
Public works	128,907	-	128,907
Unrestricted	2,530,107	388,542	2,918,649
Total net position	<u>\$ 3,535,611</u>	<u>\$ 2,072,113</u>	<u>\$ 5,607,724</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 424,256	\$ -	\$ 14,000	\$ 5,466	\$ (404,790)	\$ -	\$ (404,790)
Public safety	396,438	-	-	9,373	(387,065)	-	(387,065)
Public works	316,897	-	-	96,572	(220,325)	-	(220,325)
Total governmental activities	1,137,591	-	14,000	111,411	(1,012,180)	-	(1,012,180)
Business-type activities:							
Water	252,269	193,595	-	4,732	-	(53,942)	(53,942)
Sewer	133,490	209,042	-	9,973	-	85,525	85,525
Garbage	63,788	62,771	-	-	-	(1,017)	(1,017)
Interest on long-term debt	69,326	-	-	-	-	(69,326)	(69,326)
Total business-type activities	518,873	465,408	-	14,705	-	(38,760)	(38,760)
Total	\$ 1,656,464	\$ 465,408	\$ 14,000	\$ 126,116	(1,012,180)	(38,760)	(1,050,940)
General revenues:							
Taxes					1,176,613	-	1,176,613
Insurance licenses					70,413	-	70,413
Licenses and permits					76,258	-	76,258
Other general revenues					52,319	6,585	58,904
Fines and forfeitures					31,871	-	31,871
Investment earnings					1,884	372	2,256
Total general revenues and transfers					1,409,358	6,957	1,416,315
Change in net position					397,178	(31,803)	365,375
Net position, beginning of year					3,138,433	2,103,916	5,242,349
Net position, end of year					\$ 3,535,611	\$ 2,072,113	\$ 5,607,724

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,481,334	\$ 1,320,633	\$ -	\$ 2,801,967
Restricted cash and cash equivalents	-	-	128,907	128,907
Receivables, net:				
Sales	-	199,341	-	199,341
Grants	28,839	9,727	86,845	125,411
Other	41,311	-	-	41,311
Due from other funds	26,205	-	10,166	36,371
Prepaid expenses	5,599	1,864	-	7,463
Total assets	<u>\$ 1,583,288</u>	<u>\$ 1,531,565</u>	<u>\$ 225,918</u>	<u>\$ 3,340,771</u>
Liabilities:				
Accounts payable	\$ 41,255	\$ 1,116	\$ 1,809	\$ 44,180
Accrued liabilities	4,917	1,442	-	6,359
Unearned grant revenues	159,406	-	-	159,406
Due to other funds	-	32,712	-	32,712
Total liabilities	<u>205,578</u>	<u>35,270</u>	<u>1,809</u>	<u>242,657</u>
Fund balances:				
Restricted for public works	-	-	224,109	224,109
Nonspendable for prepaid amounts	5,599	1,864	-	7,463
Assigned for:				
Public works	-	1,494,431	-	1,494,431
Public safety	238,783	-	-	238,783
Unassigned	1,133,328	-	-	1,133,328
Total fund balances	<u>1,377,710</u>	<u>1,496,295</u>	<u>224,109</u>	<u>3,098,114</u>
Total liabilities and fund balances	<u>\$ 1,583,288</u>	<u>\$ 1,531,565</u>	<u>\$ 225,918</u>	<u>\$ 3,340,771</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, 2022

Total fund balances for governmental funds at June 30, 2022	\$ 3,098,114
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	876,597
Deferred outflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	157,415
Long-term liabilities at June 30, 2022:	
Compensated absences liability	(7,762)
Net pension liabilities	(401,013)
Deferred inflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	<u>(187,740)</u>
Total net position of governmental activities at June 30, 2022	<u>\$ 3,535,611</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, 2022

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Revenues:				
Taxes:				
Sales taxes	\$ -	\$ 1,112,354	\$ -	\$ 1,112,354
Franchise taxes	58,530	-	-	58,530
Other	5,729	-	-	5,729
Insurance licenses	70,413	-	-	70,413
Licenses and permits	76,258	-	-	76,258
Grants	28,839	9,727	86,845	125,411
Other revenues	35,105	260	-	35,365
Fines and forfeitures	31,871	-	-	31,871
Interest income	763	1,042	79	1,884
Total revenues	<u>307,508</u>	<u>1,123,383</u>	<u>86,924</u>	<u>1,517,815</u>
Expenditures:				
Current:				
General government	414,974	-	-	414,974
Public safety	393,459	-	-	393,459
Public works	-	128,758	150,805	279,563
Capital outlay	136,457	-	75,500	211,957
Total expenditures	<u>944,890</u>	<u>128,758</u>	<u>226,305</u>	<u>1,299,953</u>
Excess (deficiency) of revenues over expenditures	<u>(637,382)</u>	<u>994,625</u>	<u>(139,381)</u>	<u>217,862</u>
Other financing sources (uses):				
Transfers in	712,304	-	138,752	851,056
Transfers out	-	(851,056)	-	(851,056)
Total other financing sources (uses)	<u>712,304</u>	<u>(851,056)</u>	<u>138,752</u>	<u>-</u>
Net change in fund balances	74,922	143,569	(629)	217,862
Fund balance, beginning of year	1,302,788	1,352,726	224,738	2,880,252
Fund balance, end of year	<u>\$ 1,377,710</u>	<u>\$ 1,496,295</u>	<u>\$ 224,109</u>	<u>\$ 3,098,114</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, 2022

Net change in fund balances - total governmental funds \$ 217,862

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures; however,
in the Statement of Activities, the cost of those assets is allocated over
the assets' estimated useful lives through depreciation expense. This is the
amount by which capital outlays charged in the current period exceeded
depreciation expense. 138,136

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 3,226

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. 21,000

The Village's proportionate share of non-employer contributions to the
pension plans is reported in the Statement of Activities. 16,954

Change in net position of governmental activities \$ 397,178

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 117,756	\$ 348,012	\$ 3,519	\$ 469,287
Receivables				
Water, sewer, and garbage, net	15,404	16,918	5,558	37,880
Grants	4,732	9,973	-	14,705
Due from other funds	7,307	4,620	1,948	13,875
Prepaid expenses	2,165	-	-	2,165
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	147,364	379,523	11,025	537,912
Non-current assets:				
Restricted cash and cash equivalents	140,124	132,072	-	272,196
Capital assets, net of accumulated depreciation	913,735	2,658,255	-	3,571,990
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current assets	1,053,859	2,790,327	-	3,844,186
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	1,201,223	3,169,850	11,025	4,382,098
Deferred outflows of resources:				
Deferred outflows related to pensions	16,277	-	-	16,277
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Current liabilities:				
Accounts payable	2,317	645	5,328	8,290
Accrued liabilities	2,355	2,891	-	5,246
Compensated absences	1,592	-	-	1,592
Due to other funds	17,534	-	-	17,534
Payable from restricted assets:				
Revenue bonds	17,155	32,535	-	49,690
Customer deposits	47,300	27,390	-	74,690
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	88,253	63,461	5,328	157,042
Non-current liabilities:				
Revenue bonds	281,984	1,828,941	-	2,110,925
Net pension liabilities	44,150	-	-	44,150
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current liabilities	326,134	1,828,941	-	2,155,075
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	414,387	1,892,402	5,328	2,312,117
Deferred inflows of resources:				
Deferred inflows related to pensions	14,145	-	-	14,145
	<hr/>	<hr/>	<hr/>	<hr/>
Net position:				
Net investment in capital assets	614,596	796,779	-	1,411,375
Restricted for revenue bonds	92,824	104,682	-	197,506
Restricted for customer deposits	47,300	27,390	-	74,690
Unrestricted	34,248	348,597	5,697	388,542
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	\$ 788,968	\$ 1,277,448	\$ 5,697	\$ 2,072,113
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Operating Revenues:				
Service fees	\$ 180,653	\$ 209,042	\$ 62,771	\$ 452,466
Delinquent fees	12,942	-	-	12,942
Operating grants	4,732	9,973	-	14,705
	<u>198,327</u>	<u>219,015</u>	<u>62,771</u>	<u>480,113</u>
Total operating revenues				
Operating Expenses:				
Salaries and fringe benefits	101,776	-	-	101,776
Depreciation	59,358	91,343	-	150,701
Garbage collection	-	-	63,720	63,720
General and administrative	57,835	16,991	68	74,894
Utilities	12,202	12,740	-	24,942
Repairs and maintenance	21,098	12,416	-	33,514
	<u>252,269</u>	<u>133,490</u>	<u>63,788</u>	<u>449,547</u>
Total operating expenses				
Operating income (loss)	<u>(53,942)</u>	<u>85,525</u>	<u>(1,017)</u>	<u>30,566</u>
Non-Operating Revenues (Expenses):				
Interest income	148	220	4	372
Other income	6,585	-	-	6,585
Interest and fiscal charges	<u>(14,603)</u>	<u>(54,723)</u>	<u>-</u>	<u>(69,326)</u>
Total non-operating revenues (expenses)	<u>(7,870)</u>	<u>(54,503)</u>	<u>4</u>	<u>(62,369)</u>
Income (loss) before transfers	(61,812)	31,022	(1,013)	(31,803)
Net Transfers In (Out)	<u>9,048</u>	<u>(6,135)</u>	<u>(2,913)</u>	<u>-</u>
Change in net position	(52,764)	24,887	(3,926)	(31,803)
Net position, beginning of year	<u>841,732</u>	<u>1,252,561</u>	<u>9,623</u>	<u>2,103,916</u>
Net position, end of year	<u>\$ 788,968</u>	<u>\$ 1,277,448</u>	<u>\$ 5,697</u>	<u>\$ 2,072,113</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 195,766	\$ 211,979	\$ 62,620	\$ 470,365
Payments to suppliers	(92,939)	(41,397)	(63,696)	(198,032)
Payments to employees	(101,383)	-	-	(101,383)
Net cash provided (used) by operating activities	<u>1,444</u>	<u>170,582</u>	<u>(1,076)</u>	<u>170,950</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers	9,048	(6,135)	(2,913)	-
Proceeds from (replacement of) interfund borrowings	4,391	(950)	(370)	3,071
Net cash provided (used) by non-capital financing activities	<u>13,439</u>	<u>(7,085)</u>	<u>(3,283)</u>	<u>3,071</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	(6,893)	-	(6,893)
Principal paid on capital debt	(16,377)	(31,549)	-	(47,926)
Interest paid on capital debt	(14,635)	(54,766)	-	(69,401)
Other receipts	4,680	-	-	4,680
Net cash used by capital and related financing activities	<u>(26,332)</u>	<u>(93,208)</u>	<u>-</u>	<u>(119,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	148	220	4	372
Net cash provided by investing activities	<u>148</u>	<u>220</u>	<u>4</u>	<u>372</u>
Net increase (decrease) in cash and cash equivalents	(11,301)	70,509	(4,355)	54,853
Cash and cash equivalents, beginning of year	<u>269,181</u>	<u>409,575</u>	<u>7,874</u>	<u>686,630</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 257,880</u></u>	<u><u>\$ 480,084</u></u>	<u><u>\$ 3,519</u></u>	<u><u>\$ 741,483</u></u>
CASH AND CASH EQUIVALENTS RECONCILIATION:				
Cash and cash equivalents (unrestricted)	\$ 117,756	\$ 348,012	\$ 3,519	\$ 469,287
Restricted cash and cash equivalents	<u>140,124</u>	<u>132,072</u>	<u>-</u>	<u>272,196</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 257,880</u></u>	<u><u>\$ 480,084</u></u>	<u><u>\$ 3,519</u></u>	<u><u>\$ 741,483</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, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (53,942)	\$ 85,525	\$ (1,017)	\$ 30,566
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	59,358	91,343	-	150,701
Pension expense	10,163	-	-	10,163
Pension contributions made subsequent to measurement date	(10,157)	-	-	(10,157)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(174)	1,552	(151)	1,227
Decrease (increase) in grants receivable	(4,732)	(9,973)	-	(14,705)
Decrease (increase) in prepaid expenses	(827)	-	-	(827)
Increase (decrease) in accounts payable	(1,804)	645	92	(1,067)
Increase (decrease) in accrued liabilities	1,137	105	-	1,242
Increase (decrease) in compensated absences	77	-	-	77
Decrease (increase) in customer deposits	2,345	1,385	-	3,730
Net cash provided (used) by operating activities	<u>\$ 1,444</u>	<u>\$170,582</u>	<u>\$ (1,076)</u>	<u>\$170,950</u>
Supplementary disclosure of cash flow information				
Interest paid	<u>\$ 14,635</u>	<u>\$ 54,766</u>	<u>\$ -</u>	<u>\$ 69,401</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means for financing them.

The Village adopted a budget on a basis consistent with generally accepted accounting principles for the following funds: General Fund, Sales Tax Fund, and the Streets and Drainage Fund. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Village follows these procedures in establishing the budgetary data:

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

Deposits and Cash Equivalents

For reporting purposes, cash and cash equivalents includes amounts in savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Village may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Further, the Village may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Cash Equivalents (Continued)

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

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

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

Accounts Receivable

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/due from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Internal Balances.”

Uncollectible amounts due for customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance is \$8,171 for the Water Fund, \$6,542 for the Sewer Fund, and \$2,384 for Garbage Fund at June 30, 2022.

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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

Accumulated Unpaid Vacation Pay

The Village's employees earn vacation time at the rate of two weeks for up to five years of service, three weeks for up to ten years of service, and four weeks for ten years or more of service. Sick leave is earned at a rate of one day per month and can accumulate up to a limit of 480 hours. Sick leave is not payable upon termination, thus no liability is recorded. On December 9, 2019, the Village adopted an ordinance that accrued vacation time will be paid to employees who retire, resign, or are dismissed from employment. The Village has recorded a liability of \$7,762 for Governmental Activities and \$1,592 in the Water Fund at June 30, 2022.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022, 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This Statement outlines a single model for certain leases based on the foundational principle that leases are financings of the right to use an underlying asset. Other than short term leases, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Village has analyzed the provisions of GASB Statement No. 87, *Leases*, and has concluded that there are no leasing arrangements which qualify for adjustment or disclosure under the new statement. Therefore, no restatement of prior periods or cumulative effect adjustment recorded in the year of adoption, was considered necessary.

2. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At year-end, the carrying amount of the Village's bank deposits was \$3,428,055 (including \$401,103 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, 2022, the Village had \$3,440,937 in interest and non-interest bearing demand deposits. These deposits are fully secured from risk by federal deposit insurance of \$250,000 and \$3,352,603 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

At June 30, 2022, cash equivalents of \$244,302 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. CASH AND CASH EQUIVALENTS (Continued)

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 141 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 18 days and 56 days, respectively, at June 30, 2022.
- Foreign currency risk: Not applicable.

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

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact LAMP administrative office at 800-249-5267.

3. UTILITY ACCOUNTS RECEIVABLE

At June 30, 2022, 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>
Receivable	\$ 23,575	\$ 23,460	\$ 7,942
Allowance for Doubtful Accounts	<u>(8,171)</u>	<u>(6,542)</u>	<u>(2,384)</u>
Receivable, net	<u>\$ 15,404</u>	<u>\$ 16,918</u>	<u>\$ 5,558</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Completed Construction	Balance June 30, 2022
<u>Governmental Activities</u>					
Capital assets not being depreciated:					
Land	\$ 285,000	\$ -	\$ -	\$ -	\$ 285,000
Construction in progress - improvements	-	116,520	-	-	116,520
Total capital assets not being depreciated	<u>285,000</u>	<u>116,520</u>	<u>-</u>	<u>-</u>	<u>401,520</u>
Capital assets being depreciated:					
Buildings and improvements	262,840	7,442	-	-	270,282
Equipment, furniture, and vehicles	480,349	12,495	-	-	492,844
Street improvements	294,778	75,500	-	-	370,278
Total capital assets being depreciated	<u>1,037,967</u>	<u>95,437</u>	<u>-</u>	<u>-</u>	<u>1,133,404</u>
Less accumulated depreciation for:					
Buildings and improvements	(215,632)	(9,513)	-	-	(225,145)
Equipment, furniture, and vehicles	(350,696)	(43,231)	-	-	(393,927)
Street improvements	(18,178)	(21,077)	-	-	(39,255)
Total accumulated depreciation	<u>(584,506)</u>	<u>(73,821)</u>	<u>-</u>	<u>-</u>	<u>(658,327)</u>
Total capital assets being depreciated	<u>453,461</u>	<u>21,616</u>	<u>-</u>	<u>-</u>	<u>475,077</u>
Total Governmental Activities	<u>\$ 738,461</u>	<u>\$ 138,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 876,597</u>
	Balance July 1, 2021	Additions	Deletions	Completed Construction	Balance June 30, 2022
<u>Business-Type Activities</u>					
Capital assets not being depreciated:					
Land	\$ 14,350	\$ -	\$ -	\$ -	\$ 14,350
Total capital assets not being depreciated	<u>14,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,350</u>
Capital assets being depreciated:					
Water system and equipment	2,267,963	-	-	-	2,267,963
Sewer system and equipment	3,518,365	6,893	-	-	3,525,258
Total capital assets being depreciated	<u>5,786,328</u>	<u>6,893</u>	<u>-</u>	<u>-</u>	<u>5,793,221</u>
Less accumulated depreciation for:					
Water system and equipment	(1,309,220)	(59,358)	-	-	(1,368,578)
Sewer system and equipment	(775,660)	(91,343)	-	-	(867,003)
Total accumulated depreciation	<u>(2,084,880)</u>	<u>(150,701)</u>	<u>-</u>	<u>-</u>	<u>(2,235,581)</u>
Total capital assets being depreciated, net	<u>3,701,448</u>	<u>(143,808)</u>	<u>-</u>	<u>-</u>	<u>3,557,640</u>
Total Business-Type Activities	<u>\$ 3,715,798</u>	<u>\$ (143,808)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,571,990</u>

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. CAPITAL ASSETS (Continued)

Depreciation was charged to programs as follows:

Governmental Activities:	
General government	\$ 10,623
Public safety	24,092
Public works	39,106
Total	\$ 73,821
Business-Type Activities:	
Water	\$ 59,358
Sewer	91,343
Total	\$ 150,701

5. PENSION PLANS

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

Municipal Employees’ Retirement System

Plan Description

The Village provides pension benefits for substantially all full-time employees through the Municipal Employees’ Retirement System of Louisiana, Plan B. The retirement system is a cost-sharing, multiple-employer, statewide retirement system which is administered and controlled by a separate board of trustees. It provides retirement, disability, and survivor benefits to participating, eligible-employees. For the year ended June 30, 2021, there were 87 contributing municipalities in Plan A and 67 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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

Survivor Benefits

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for a least one full year.

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

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of: (1) an amount equal to 2% of his final compensation multiplied by his years of creditable service, but not less than 30% of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost-of-Living Increases

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Cost-of-Living Increases (Continued)

sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost-of-living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits

Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions

Contributions for all members are established by state statute. Member contributions were at 5.00% of earnable compensation for Plan B for the year ended June 30, 2022. The contributions were deducted from the member's salary and remitted to Municipal Employees' Retirement System by the Village.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2022, the employer contribution rate was 15.50% 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 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, 2022, were \$36,388, and were equal to the required contributions for each year. Revenue recognized for contributions funded by the State of Louisiana amounted to \$6,823 for the year ended June 30, 2022.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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

At June 30, 2022, the Village reported a liability of \$158,156 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Village's proportion was 0.273008%, which was an increase of 0.019377% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$36,405, \$26,242 of which was recorded within governmental activities and \$10,163 of which was recorded in business-type activities.

At June 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,705	\$ -	\$ 1,823
Changes in assumptions	4,614	-	1,786	-
Net difference between projected and actual earnings of pension plan investments	-	30,810	-	11,932
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,460	1,006	4,334	390
Employer contributions subsequent to measurement date	26,231	-	10,157	-
	<u>\$ 42,305</u>	<u>\$ 36,521</u>	<u>\$ 16,277</u>	<u>\$ 14,145</u>

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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

Deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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, 2023	\$ 2,636
June 30, 2024	(4,592)
June 30, 2025	(11,497)
June 30, 2026	(15,019)
	<u>\$ (28,472)</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 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, 2021, are as follows:

	<u>Plan B</u>
Total Pension Liability	\$ 758,043
Less: Plan Fiduciary Net Position	<u>599,887</u>
Total Net Pension Liability	<u>\$ 158,156</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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

A summary of the actuarial methods and assumptions used in determining the total net pension liability in the June 30, 2021, valuation, are as follows:

Valuation Date	June 30, 2021
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 4 years of service – 7.4% - Plan B More than 4 years of service – 4.9% - Plan B
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Cost-of-Living Adjustments	The present value of the future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

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 6.95% for the year ended June 30, 2021.

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, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. 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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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.

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	\$ 242,644	\$ 158,156	\$ 86,695

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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, 2021. 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.gov.

Payables to the Pension Plan

At June 30, 2022, there was \$1,390 payable to MERS for June 2022 employee and employer legally-required contributions.

Municipal Police Employees' Retirement System

Plan Description

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

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Retirement Benefits (Continued)

Membership Prior to January 1, 2013 (Continued)

Benefit rates are 3⅓% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013

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

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.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Cost-of-Living Adjustments

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

No regular retiree, survivor, or beneficiary shall be eligible to receive a COLA until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan

A member is eligible to elect to enter a deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Initial Benefit Option Plan

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

Employer Contributions

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

For the year ended June 30, 2022, the contribution rates were as follows:

	Contribution Rates		
	Employee	Employer	Total
Members hired prior to 1/1/2013	10.00%	29.75%	39.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	29.75%	39.75%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	29.75%	37.75%
Members whose earnable compensation is less than poverty guidelines	7.50%	32.25%	39.75%

The Village of Folsom's employer contributions to the Municipal Police Employees' Retirement System for the year ended June 30, 2022, were \$45,190, and were equal to the required contributions for each year.

Non-employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2022, and excluded from pension expense. Revenue recognized for non-contributing entity contributions amounted to \$12,032 for the year ended June 30, 2022.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

At June 30, 2022, the Village reported a liability of \$287,007 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Village's proportion was 0.053842%, which was an increase of 0.002883% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$24,179, all of which was recorded within governmental activities.

At June 30, 2022, 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	\$ -	\$ 8,838
Changes in assumptions	31,784	8,187
Net difference between projected and actual earnings on pension plan investments	-	134,010
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,136	184
Employer contributions subsequent to measurement date	45,190	-
	<u>\$ 115,110</u>	<u>\$ 151,219</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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)

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, 2023. 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, 2023	\$ (3,766)
June 30, 2024	(11,880)
June 30, 2025	(19,485)
June 30, 2026	(46,168)
	<u>\$ (81,299)</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefits payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Village as of June 30, 2021, are as follows:

Total Pension Liability	\$ 1,803,722
Less: Plan Fiduciary Net Position	<u>1,516,715</u>
Total Net Pension Liability	<u>\$ 287,007</u>

The actuarial assumptions used in the June 30, 2021, valuation were based on the assumptions used in the June 30, 2021, 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, 2021, valuation are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

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.

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.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021, 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	55.50%	3.47%
Fixed income	30.50%	0.59%
Alternatives	14.00%	1.01%
Totals	100.00%	5.07%
Inflation		2.22%
Expected Arithmetic Return		7.29%

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 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 using the straight-line amortization method over a closed five-year period.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 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 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 6.75%, 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>\$ 500,208</u>	<u>\$ 287,007</u>	<u>\$ 109,056</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, 2021. 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.

Payables to the Pension Plan

At June 30, 2022, there was \$351 payable to MPERS for June 2022 employee and employer legally-required contributions.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

6. INSURANCE COVERAGE

The following is a summary of the insurance coverage maintained by the Village for the fiscal year ended June 30, 2022:

<u>Type of Coverage</u>	<u>Period of Coverage</u>	<u>Coverage</u>	
Commercial Property	3/21/2022 to 1/1/2023	Town Hall	\$ 640,000
		Water and Sewer	165,250
		Police Department	275,000
Fidelity Bond	12/30/2021 to 12/30/2022	Mayor	40,000
	12/30/2021 to 12/30/2022	Alderman & Mayor Pro Tem	40,000
	12/30/2021 to 12/30/2022	Alderman	40,000
	12/30/2021 to 12/30/2022	Municipal Clerk	65,000
	12/30/2021 to 12/30/2022	Utility Clerk	65,000
	12/30/2021 to 12/30/2022	Planning & Zoning Clerk	65,000
	12/30/2021 to 12/30/2022	Police Secretary	5,000
	7/1/2021 to 7/1/2022	Police Chief	5,000
Workers' Compensation	1/1/2022 to 1/1/2023	Policy Limit	Statutory
Commercial General Liability	2/1/2022 to 2/1/2023	Aggregate and Each	2,000,000 / 1,000,000
Law Enforcement Liability	2/1/2022 to 2/1/2023	Aggregate and Each	2,000,000 / 1,000,000
Public Entity Management Liability	2/1/2022 to 2/1/2023	Aggregate and Each	2,000,000 / 1,000,000
Public Entity Employment-Related Liability	2/1/2022 to 2/1/2023	Aggregate and Each	2,000,000 / 1,000,000
Automotive Liability	2/1/2022 to 2/1/2023		1,000,000
Crime	2/1/2022 to 2/1/2023	Aggregate and Each	100,000 / 1,000

7. UTILITY RATES

The following is a summary of the utility rates in effect for the fiscal year ended June 30, 2022:

Water - Residential	
Up to 2,000 Gallons	\$ 10.00
Over 2,000 Gallons	Additional \$3.00 per Thousand
Water - Commercial	
Up to 2,000 Gallons	\$ 20.00
Over 2,000 Gallons	Additional \$3.00 per Thousand

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

7. UTILITY RATES (Continued)

Sewer - Residential	
Up to 2,000 Gallons	\$ 35.00
Over 2,000 Gallons	Additional \$5.00 per Thousand
Sewer - Commercial	
Up to 2,000 Gallons	\$ 60.00
Over 2,000 Gallons	Additional \$8.00 per Thousand
Sewer - Residential	
Unmetered (No Water)	Fixed Rate of \$30.00
Sewer – Commercial	
Unmetered (No Water)	Fixed Rate of \$50.00
Garbage	Fixed Rate of \$18.50 July 2021 to December 2021 Fixed Rate of \$18.77 January 2022 to June 2022

At June 30, 2022, the Village served the following customers:

Water	635
Sewer	302
Garbage	281
Total	1,218

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, 2022:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>	<u>Amounts Due</u> <u>Within One Year</u>
Revenue Bonds:				
Balance at July 1, 2021	\$ 315,516	\$ 1,893,025	\$ 2,208,541	
Bonds Issued	-	-	-	
Bonds Retired	(16,377)	(31,549)	(47,926)	
Balance at June 30, 2022	\$ 299,139	\$ 1,861,476	\$ 2,160,615	\$ 49,690

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. LONG-TERM LIABILITIES (Continued)

Revenue Bond:

\$550,000 Utility Bonds dated 3/15/99: purchased by USDA - Rural Utilities Services, due in monthly installments of \$2,585, with interest at 4.75% per annum through February 29, 2039, secured by the revenues of the Water Fund.

\$ 299,139

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.

\$ 174,126

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.

\$ 1,687,350

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>
2023	\$ 17,155	\$ 13,857	\$ 32,535	\$ 53,782	\$ 49,690	\$ 67,639
2024	17,988	13,024	33,548	52,768	51,536	65,792
2025	18,861	12,151	34,594	51,722	53,455	63,873
2026	19,777	11,235	35,674	50,643	55,451	61,878
2027	20,737	10,275	36,789	49,527	57,526	59,802
2028-2032	119,800	35,260	202,013	229,567	321,813	264,827
2033-2037	84,821	6,273	235,992	195,588	320,813	201,861
2038-2042	-	-	263,034	155,787	263,034	155,787
2043-2047	-	-	243,828	119,652	243,828	119,652
2048-2052	-	-	279,724	83,756	279,724	83,756
2053-2057	-	-	320,906	42,574	320,906	42,574
2058-2062	-	-	142,839	4,174	142,839	4,174
Total	<u>\$ 299,139</u>	<u>\$ 102,075</u>	<u>\$ 1,861,476</u>	<u>\$ 1,089,540</u>	<u>\$ 2,160,615</u>	<u>\$ 1,191,615</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. LONG-TERM LIABILITIES (Continued)

The following is a summary of the changes in the Village of Folsom’s compensated absences for the year ended June 30, 2022:

	Balance	Additions	Reductions	Balance	Amounts
	<u>July 1, 2021</u>	<u> </u>	<u> </u>	<u>June 30, 2022</u>	<u>Due Within</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>One Year</u>
Compensated absences	\$ 12,503	\$ 3,855	\$ (7,004)	\$ 9,354	\$ 9,354

9. INTERFUND RECEIVABLE/PAYABLE

The primary purpose of interfund receivables/payables is to loan monies from the General Fund to individual funds to cover current expenditures. The composition of interfund balances at June 30, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sales Tax Fund	\$ 15,239
	Water Fund	10,966
Water Fund	Sales Tax Fund	7,307
Sewer Fund	Water Fund	4,620
Streets & Drainage Fund	Sales Tax Fund	10,166
Garbage Fund	Water Fund	1,948
		<u>\$ 50,246</u>

10. INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund to the particular funds for which the sales tax revenue is to be used. A summary of interfund transfers at June 30, 2022, is as follows:

	<u>Transfer In</u>				<u>Total</u>
	<u>General</u>	<u>Streets &</u>	<u>Water</u>	<u>Garbage</u>	
	<u>Fund</u>	<u>Drainage</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Transfer Out:					
Sales Tax Fund	\$ 712,304	\$ 138,752	\$ -	\$ -	\$ 851,056
Streets & Drainage Fund	-	-	-	-	-
Water Fund	-	-	-	-	-
Sewer Fund	-	-	6,135	-	6,135
Garbage Fund	-	-	2,913	-	2,913
	<u>\$ 712,304</u>	<u>\$ 138,752</u>	<u>\$ 9,048</u>	<u>\$ -</u>	<u>\$ 860,104</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, \$128,907 was restricted under this agreement.

Proprietary Funds

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

Revenue Bond Sinking Fund

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

Revenue Bond Reserve Fund

The Village is required to deposit monthly \$360 into the Sewer Fund and \$129 into the Water Fund until a reserve amount equal to the highest annual debt service amount (principal and interest) is obtained. The monthly reserve payment into the Sewer Fund is \$360 from July 7, 2019, through March 20, 2043, and the monthly reserve payment into the Sewer Fund is \$303 from April 20, 2043 through June 20, 2059, until \$86,316 is on deposit. These funds are restricted to be used to pay bonds in case of default. As of June 30, 2022, the requirements had been met for the Water and Sewer Funds.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the systems. Regular monthly deposits of \$57 in the Sewer Fund and \$129 into the Water Fund are to be made with the regularly designated fiscal agent of the Village. As of June 30, 2022, the requirements had been met for the Water and Sewer Funds.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the Village carried insurance through various commercial carriers to cover all risk of losses. The Village has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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

13. ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

Supplemental salary payments are made by the State of Louisiana directly to certain groups of employees. The Village is not legally responsible for these payments. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For the year ended June 30, 2022, the State paid supplemental salaries to police employees of the Village. The Village is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments. For the year ended June 30, 2022, the Village has recognized \$22,233 as a revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

14. UNEARNED GRANT INCOME

Unearned grant income of \$159,406 at June 30, 2022, consists of federal awards received under the American Rescue Plan Act (ARPA). The ARPA established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) on March 11, 2021, to provide governments with the resources needed to respond to the pandemic and its economic effects to build a stronger, more equitable economy during the recovery. The Village is required to spend these funds in accordance with Assistance Listing 21.027 guidance. These funds must be obligated by December 31, 2024, and expended by December 31, 2026. The Village received a second tranche payment under the ARPA subsequent to June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Franchise taxes	\$ 59,500	\$ 59,500	\$ 58,530	\$ (970)
Other	-	-	5,729	5,729
Insurance licenses	64,000	64,000	70,413	6,413
Licenses and permits	81,800	81,800	76,258	(5,542)
Grant revenues	-	-	28,839	28,839
Other revenues	700	700	35,105	34,405
Fines and forfeitures	16,000	16,000	31,871	15,871
Interest income	980	980	763	(217)
Total revenues	<u>222,980</u>	<u>222,980</u>	<u>307,508</u>	<u>84,528</u>
Expenditures:				
Current:				
General government	314,450	314,450	414,974	(100,524)
Public safety	416,650	416,650	393,459	23,191
Capital outlay	182,000	182,000	136,457	45,543
Total expenditures	<u>913,100</u>	<u>913,100</u>	<u>944,890</u>	<u>(31,790)</u>
Deficiency of revenues under expenditures	<u>(690,120)</u>	<u>(690,120)</u>	<u>(637,382)</u>	<u>52,738</u>
Other financing sources:				
Operating transfers	<u>635,000</u>	<u>635,000</u>	<u>712,304</u>	<u>77,304</u>
Total other financing sources	<u>635,000</u>	<u>635,000</u>	<u>712,304</u>	<u>77,304</u>
Net change in fund balance	<u>\$ (55,120)</u>	<u>\$ (55,120)</u>	<u>74,922</u>	<u>\$ 130,042</u>
Fund balance, beginning of year			<u>1,302,788</u>	
Fund balance, end of year			<u>\$ 1,377,710</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

(Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
General Government:				
Salaries and wages	\$ 127,900	\$ 127,900	\$ 125,564	\$ 2,336
Overtime	500	500	2,183	(1,683)
Payroll tax expense	10,000	10,000	9,035	965
Employees pension plan	14,000	14,000	16,819	(2,819)
Employee benefits - hospital and life	20,000	20,000	27,628	(7,628)
Bank service charges	-	-	32	(32)
Building inspection fees	4,800	4,800	8,030	(3,230)
Dues and subscriptions	750	750	1,228	(478)
Insurance	28,000	28,000	55,220	(27,220)
Professional - computer	5,000	5,000	9,062	(4,062)
Auditors	17,500	17,500	23,048	(5,548)
Legal fees	10,000	10,000	19,813	(9,813)
Accountant	30,000	30,000	30,000	-
Municode	2,000	2,000	2,556	(556)
Office supplies	8,000	8,000	8,986	(986)
Community events	5,000	5,000	5,045	(45)
Payroll expenses	6,000	6,000	4,861	1,139
Publications	600	600	1,412	(812)
Repairs and maintenance	6,000	6,000	36,383	(30,383)
Xerox	2,400	2,400	2,099	301
Seminars / meetings	2,500	2,500	7,540	(5,040)
Supplies	1,000	1,000	2,206	(1,206)
Telephone - wireless	1,900	1,900	1,661	239
Telephone - landline	500	500	284	216
Internet	2,600	2,600	3,240	(640)
Other expenses	500	500	4,738	(4,238)
Utilities expense	7,000	7,000	6,301	699
Total General Government	\$ 314,450	\$ 314,450	\$ 414,974	\$ (100,524)

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Public Safety:				
Salaries and wages	\$ 223,000	\$ 223,000	\$ 204,730	\$ 18,270
Holiday double time	8,000	8,000	7,117	883
Overtime	2,500	2,500	7,635	(5,135)
Retirement expenses	58,000	58,000	45,190	12,810
Payroll taxes	11,500	11,500	7,697	3,803
Employee benefits - hospital and life	48,000	48,000	53,145	(5,145)
Contract labor	-	-	500	(500)
Equipment	2,000	2,000	2,728	(728)
Radio equipment	4,000	4,000	5,602	(1,602)
Fuel	9,500	9,500	13,456	(3,956)
LA law enforcement fees	1,300	1,300	1,786	(486)
DHH-TH/SCI T.F.	200	200	370	(170)
Florida Parishes Juvenile Justice	600	600	795	(195)
C.M.I.S. fees	150	150	164	(14)
Crimestoppers	200	200	-	200
Insurance	3,700	3,700	-	3,700
Insurance - Liability and W/C	21,000	21,000	16,103	4,897
Telephone	7,000	7,000	7,543	(543)
Legal and professional	3,000	3,000	3,397	(397)
Repairs and maintenance	3,000	3,000	4,905	(1,905)
Office supplies	4,000	4,000	4,531	(531)
Supplies, equipment, and uniforms	2,500	2,500	2,687	(187)
Utilities	3,000	3,000	3,047	(47)
Training	500	500	331	169
Total Public Safety	<u>\$ 416,650</u>	<u>\$ 416,650</u>	<u>\$ 393,459</u>	<u>\$ 23,191</u>

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2022
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Sales and use	\$ 970,000	\$ 970,000	\$ 1,112,354	\$ 142,354
Grant revenues	-	-	9,727	9,727
Other revenues	-	-	260	260
Interest income	1,300	1,300	1,042	(258)
Total revenues	<u>971,300</u>	<u>971,300</u>	<u>1,123,383</u>	<u>152,083</u>
Expenditures:				
Public works:				
Salaries and wages	60,000	85,000	69,449	15,551
Overtime	7,900	7,900	7,529	371
Payroll taxes	5,500	5,500	5,860	(360)
Employees pension plan	10,000	10,000	10,320	(320)
Employee benefits - hospital and life	16,200	16,200	19,328	(3,128)
Bank service charges	200	200	180	20
Office supplies	100	100	-	100
Insurance	3,800	3,800	3,545	255
Street lighting	12,000	12,000	12,547	(547)
Total expenditures	<u>115,700</u>	<u>140,700</u>	<u>128,758</u>	<u>11,942</u>
Excess of revenues over expenditures	<u>855,600</u>	<u>830,600</u>	<u>994,625</u>	<u>164,025</u>
Other financing sources (uses):				
Operating transfers	<u>(765,000)</u>	<u>(765,000)</u>	<u>(851,056)</u>	<u>(86,056)</u>
Total other financing sources (uses)	<u>(765,000)</u>	<u>(765,000)</u>	<u>(851,056)</u>	<u>(86,056)</u>
Net change in fund balance	<u>\$ 90,600</u>	<u>\$ 65,600</u>	143,569	<u>\$ 77,969</u>
Fund balance, beginning			<u>1,352,726</u>	
Fund balance, ending			<u>\$ 1,496,295</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - STREETS AND DRAINAGE FUND
 FOR THE YEAR ENDED JUNE 30, 2022
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Grants	\$ -	\$ -	\$ 86,845	\$ 86,845
Interest income	200	200	79	(121)
Total revenues	<u>200</u>	<u>200</u>	<u>86,924</u>	<u>86,724</u>
Expenditures:				
Public works:				
Contract labor	-	-	75,090	(75,090)
Rental	-	-	1,500	(1,500)
Office supplies	200	200	-	200
Repairs and maintenance	8,000	8,000	72,715	(64,715)
Supplies	2,000	2,000	615	1,385
Equipment	-	-	885	(885)
Capital outlay	150,000	125,000	75,500	49,500
Total expenditures	<u>160,200</u>	<u>135,200</u>	<u>226,305</u>	<u>(91,105)</u>
Deficiency of revenues over expenditures	<u>(160,000)</u>	<u>(135,000)</u>	<u>(139,381)</u>	<u>(4,381)</u>
Other financing sources (uses)				
Operating transfers	<u>130,000</u>	<u>130,000</u>	<u>138,752</u>	<u>8,752</u>
Total other financing sources (uses)	<u>130,000</u>	<u>130,000</u>	<u>138,752</u>	<u>8,752</u>
Net change in fund balance	<u>\$ (30,000)</u>	<u>\$ (5,000)</u>	(629)	<u>\$ 4,371</u>
Fund balance, beginning			<u>224,738</u>	
Fund balance, ending			<u>\$ 224,109</u>	

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE NINE YEARS ENDED JUNE 30, 2022
(Unaudited)

<u>Municipal Employees' Retirement System:</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Employer's proportion of net pension liability	0.288511%	0.280161%	0.223993%	0.212602%	0.239184%	0.220627%	0.231703%	0.253631%	0.273008%
Employer's proportionate share of net pension liability	158,525	131,535	152,236	176,227	206,951	186,613	202,697	229,847	158,156
Employer's covered payroll	186,800	188,329	156,357	156,150	177,538	163,499	177,343	196,292	200,557
Employer's proportionate share of net pension liability as a percentage of its covered payroll	85%	70%	97%	113%	117%	114%	114%	117%	79%
Plan fiduciary net position as a percentage of the total pension liability	85.00%	76.94%	68.71%	63.34%	62.49%	65.60%	66.14%	66.26%	79.14%
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
<u>Municipal Police Employees' Retirement System:</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Employer's proportion of net pension liability	0.036226%	0.037933%	0.037681%	0.048439%	0.050092%	0.045075%	0.047172%	0.050959%	0.053842%
Employer's proportionate share of net pension liability	289,389	237,312	295,151	454,010	437,326	381,067	428,398	470,975	287,007
Employer's covered payroll	107,589	98,318	99,905	135,416	142,898	133,021	147,203	160,199	164,263
Employer's proportionate share of net pension liability as a percentage of its covered payroll	269%	241%	295%	335%	306%	286%	291%	294%	175%
Plan fiduciary net position as a percentage of the total pension liability	66.71%	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%	70.94%	84.09%
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021

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

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

See accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
FOR THE NINE YEARS ENDED JUNE 30, 2022
(Unaudited)

Municipal Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 16,479	\$ 16,479	\$ -	\$ 188,329	8.75%
2015	14,894	14,894	-	156,357	9.53%
2016	14,834	14,834	-	156,150	9.50%
2017	19,515	19,515	-	177,538	11.00%
2018	21,664	21,664	-	163,499	13.25%
2019	24,828	24,828	-	177,343	14.00%
2020	27,518	27,481	37	196,292	14.00%
2021	31,086	31,086	-	200,557	15.50%
2022	36,388	36,388	-	234,760	15.50%

Municipal Police Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 30,479	\$ 30,933	\$ (454)	\$ 98,318	31.46%
2015	30,921	30,948	(27)	99,905	30.98%
2016	39,948	39,948	-	135,416	29.50%
2017	45,370	45,370	-	142,898	31.75%
2018	40,904	40,904	-	133,021	30.75%
2019	47,473	47,473	-	147,203	32.25%
2020	52,065	52,065	-	160,199	32.50%
2021	55,439	55,439	-	164,263	33.75%
2022	45,190	45,190	-	151,898	29.75%

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

See accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2022
(Unaudited)

Municipal Employees' Retirement System:

Changes in Benefit Terms:

Measurement Date – June 30, 2014 – None

Measurement Date – June 30, 2015 – None

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017 – None

Measurement Date – June 30, 2018 – None

Measurement Date – June 30, 2019 – None

Measurement Date – June 30, 2020 – None

Measurement Date – June 30, 2021 – None

Changes in Assumptions:

Measurement Date – June 30, 2014 – None

Measurement Date – June 30, 2015:

1. Amounts reported in the actuary valuation dated June 30, 2015, for MERS reflect an adjustment in the discount rate, the inflation rate, projected salary increases, and the mortality rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.75% to 7.50% 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, 2022
 (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, 2022
(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.

Municipal Police Employees' Retirement System:

Changes in Benefit Terms:

Measurement Date – June 30, 2014:

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

Measurement Date – June 30, 2015 – None

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017 – None

Measurement Date – June 30, 2018 – None

Measurement Date – June 30, 2019 – None

Measurement Date – June 30, 2020 – None

Measurement Date – June 30, 2021 – None

Changes in Assumptions:

Measurement Date – June 30, 2014:

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

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, 2022
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

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:

<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.

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, 2022
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

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:

<u>Years of Service</u>	<u>June 30, 2020 Salary Growth Rate</u>	<u>June 30, 2019 Salary Growth Rate</u>
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.

VILLAGE OF FOLSOM, LOUISIANA
 SCHEDULE OF COMPENSATION PAID TO GOVERNING BOARD
FOR THE YEAR ENDED JUNE 30, 2022
 (Unaudited)

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

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, OR OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

Agency Head Name: Mayor Lance Willie – July 01, 2021 to June 30, 2022

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,600
Reimbursements	273
Travel	228
	<u>\$ 10,101</u>

VILLAGE OF FOLSOM, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2022

(Unaudited)

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>06/30/2022</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected	\$ 413	\$ 1,369
Add: Collections		
Criminal Court Costs/Fees	<u>15,703</u>	<u>15,098</u>
Subtotal Collections	<u>15,703</u>	<u>15,098</u>
Less: Disbursements To Governments & Nonprofits:		
Crimestoppers, Inc. - Court Costs / Fees	56	302
Florida Parishes Juvenile Justice Commission Juvenile Detention Center Operations Fund - Court Costs / Fees	140	755
Louisiana Commission on Law Enforcement Crime Victims Reparations Fund - Court Costs / Fees	220	983
Louisiana Commission on Law Enforcement POST Law Enforcement Training and Assistance Fund - Court Costs / Fees	56	302
Louisiana Department of Health and Hospitals Traumatic Head and Spinal Injury Trust Fund - Court Costs / Fees	55	315
Louisiana Supreme Court Louisiana Judicial College Collections - Court Costs / Fees	14	76
State of Louisiana Treasurer - Trial Court Management Information System - Court Costs / Fees	28	151
Less: Amounts Retained by Collecting Agency		
Self-Disbursed to Village of Folsom - Court Costs / Fees	<u>14,178</u>	<u>13,343</u>
Subtotal Disbursements/Retainage	<u>14,747</u>	<u>16,227</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 1,369</u>	<u>\$ 240</u>



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

December 30, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 30, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as 2022-01 through 2022-02.

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 Legislative Auditor as a public document.


New Orleans, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2022

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 (2022-01 to 2022-02)
5. Management Letter Issued – No

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

Finding 2022-01:

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

Condition and Cause: During our audit, we noted that the Village of Folsom did not adopt its FY 2021-22 Budget by ordinance until July 12, 2021, which is subsequent to the end of the prior fiscal year. The Board of Aldermen held a Special Meeting on June 7, 2021 to discuss the FY 2021-22 Budget. A General Meeting was held on June 7, 2021, in which the ordinance for the FY 2021-22 Budget was introduced. A Public Hearing on the FY 2021-22 Budget was held on July 12, 2021 and the FY 2021-22 Budget was adopted by ordinance at the General Meeting held on July 12, 2021.

Effect: The Village of Folsom operated without an adopted budget for the 2021-22 fiscal year until the budget’s adoption on July 12, 2021.

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

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

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2022

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

Finding 2022-02:

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

Condition and Cause: During our audit, it was noted that the Village of Folsom did not adopt an amended budget for the Streets and Drainage Fund, a general fund, or the Sales Tax Fund, a special revenue fund, both of which had actual expenditures and other uses above budgeted expenditures and other uses by more than five percent (5%). The increase in expenditures and other uses in the Streets and Drainage Fund was due primarily to expenditures incurred in response to Hurricane Ida, consisting primarily of contract labor for debris removal. The increase in expenditures and other uses in the Sales Tax Fund was related to an increase in sales tax revenues recognized in FY 2021-22. Due to an increase in sales tax revenues recognized in the current fiscal year, there was an increase in the related distributions of those sales tax revenues, which had not been anticipated or budgeted for the current fiscal year.

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

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

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

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2022

Finding 2021-01:

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

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

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

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

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

Status: Resolved

Finding 2021-02:

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

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2022

Finding 2021-02: (Continued)

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

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

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

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

Status: See Finding 2022-01

Finding 2021-03:

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

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

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

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

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2022

Finding 2021-03: (Continued)

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

Status: See Finding 2022-02