
VILLAGE OF FRENCH SETTLEMENT

FINANCIAL REPORT

DECEMBER 31, 2025

VILLAGE OF FRENCH SETTLEMENT

FINANCIAL REPORT

DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Jeremy Aydele and Board of Aldermen
Village of French Settlement, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Village of French Settlement, Louisiana, as of and for the year then ended, December 31, 2025, and the related notes to the financial statement, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Village of French Settlement as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of system contributions on pages 4-9 and 31-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of French Settlement's basic financial statements. The schedule of compensation, benefits and payments to agency head and justice system funding schedule-collecting/dispersing 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



June 10, 2026
Gonzales, Louisiana

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2025**

This section of the Village's annual financial report presents our discussion and analysis of the Village's financial performance during the year ended on December 31, 2025. This MD&A should be read in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Village's net position totaling \$1,407,406 increased by 9.8% over the course of the year's operations compared to prior year.
- During the year, the Village's governmental activities expenses were \$125,280 less than the \$605,955 generated in charges for services, capital grants, and other revenue.
- The Village's general fund reported fund balance of \$813,223, which is an increase of 167,402 at December 31, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

Figure A-1

	<u>Government-wide Statements</u>	<u>Fund Statements Governmental Fund</u>
Scope	Entire Village Government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as public safety
Required financial statements	• Statement of net position • Statement of activities	• Balance Sheet • Statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2025**

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The Village has one kind of fund:

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position. The Village's net position was \$1,407,406 at the end of the year. (See Table A-1.)

	Table A-1	
	Governmental Activities	
	2025	2024
Current and other assets	\$ 834,918	\$ 664,785
Land	133,511	133,511
Other capital assets, net	581,251	643,638
Total assets	1,549,680	1,441,934
Deferred outflows of resources	77,882	43,998
Total assets and deferred outflows of resources	1,627,562	1,485,932
Current liabilities	21,695	18,604
Long - term liabilities	133,046	97,087
Total liabilities	154,741	115,691
Deferred inflows of resources	65,415	88,115
Total liabilities and deferred inflows of resources	220,156	203,806
Net position		
Net investment in capital assets	714,762	777,149
Unrestricted	692,644	504,977
Total net position	\$ 1,407,406	\$ 1,282,126

Net position of the Village's governmental activities increased by \$125,280 or 9.8% from prior year. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Net investment in capital assets accounts for 50.8% of total net position reported as of December 31, 2025 and 60.6% of total net position reported as of December 31, 2024.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Governmental Activities

Revenues for the Village's governmental activities were \$125,280 more than total expenses for year end.

	Table A-2	
	Governmental Activities	
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 516,828	\$ 312,827
Grants	25,000	284,500
General revenues		
Intergovernmental	25,060	19,460
Miscellaneous	11,646	8,973
Interest	27,421	26,392
Total revenues	605,955	652,152
Expenses		
General government	212,819	181,620
Public safety	267,856	187,775
Total expenses	480,675	369,395
Change in net position	\$ 125,280	\$ 282,757

Change in net position. The Village's total revenues decreased during 2025 to \$605,955 representing a decrease of 7.1% from 2024. (See Table A-2.) The decrease in net position is primarily due to the Village receiving less grant or state aid funding compared to prior year. Approximately 85.3% of the Village's revenue comes from fines, fees, and charges for services and 4.1% comes from capital grants. The rest is intergovernmental, interest and miscellaneous income. Increases in expenses are related to increases in salaries and related benefits.

The total cost of all programs and services was \$480,675. Costs increased by \$111,280 or 30.1% compared to prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a fund balance of \$813,223 which is an increase of \$167,042 from prior year. This is attributed to increases in fines and fees collected in current year as a result of an additional officer on patrol.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the budget was amended to reflect an increase in revenues and expenditures of \$227,800 and \$109,020; respectively.

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

CAPITAL ASSETS

At the end of 2025, the Village had net investment in capital assets totaling \$714,762. (See Table A-3)

	Table A-3
	Governmental
	Activities
Land	\$ 133,511
Buildings and improvements	407,460
Equipment and fixtures	55,323
Vehicles	118,468
Total	\$ 714,762

Current year additions included of \$24,607 for building improvements and equipment and fixtures. No disposals were noted for 2025.

LONG-TERM LIABILITIES

At December 31, 2025, the Village had the following long-term liabilities outstanding at year end.

Net pension liability	<u>\$ 133,046</u>
Total	<u>\$ 133,046</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on speeding fines, non-moving violations, and other moving violations for 61.6% of revenues. Franchise fees and licenses account for 18.9% and 4.6% of its revenues, grant revenue is 4.1% and the remaining 10.8% is from interest, miscellaneous and intergovernmental. The economy is not expected to generate any significant growth. Therefore, the Village's future revenues and expenditures are expected to be consistent with the current years.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF NET POSITION

DECEMBER 31, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and cash equivalents	\$ 776,148
Receivables	56,205
Prepaid expense	2,565
Capital assets	
Land	133,511
Capital assets, net of depreciation	581,251
TOTAL ASSETS	<u>1,549,680</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, pension related	77,882
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>77,882</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,627,562</u></u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

Accounts payable	\$ 9,335
Accrued expenses	7,198
Unearned revenue	5,162
Long term liabilities	
Net pension liability	133,046
TOTAL LIABILITIES	<u>154,741</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows, pension related	65,415
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>65,415</u>

NET POSITION

Net investment in capital assets	714,762
Unrestricted	692,644
TOTAL NET POSITION	<u>1,407,406</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 1,627,562</u></u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

FUNCTION/PROGRAM	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
General government	\$ 212,819	\$ 143,562	\$ 25,000	\$ (44,257)
Public safety	267,856	373,266	-	105,410
Total governmental activities	<u>\$ 480,675</u>	<u>\$ 516,828</u>	<u>\$ 25,000</u>	<u>61,153</u>
General Revenues:				
Intergovernmental				25,060
Miscellaneous				11,646
Interest				<u>27,421</u>
Total general revenues				64,127
Change in net position				125,280
Net position- January 1, 2025				<u>1,282,126</u>
Net position- December 31, 2025				<u>\$ 1,407,406</u>

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

VILLAGE OF FRENCH SETTLEMENT

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2025

ASSETS

Cash and cash equivalents	\$ 776,148
Receivables	56,205
Prepaid expense	2,565
Total assets	<u>\$ 834,918</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 9,335
Accrued expenses	7,198
Unearned revenue	5,162
Total liabilities	<u>21,695</u>
Fund balance	
Nonspendable	2,565
Unassigned	810,658
Total fund balance	<u>813,223</u>
Total liabilities and fund balance	<u>\$ 834,918</u>

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

VILLAGE OF FRENCH SETTLEMENT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total fund balance- Governmental Fund	\$ 813,223
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Amounts reported for governmental activities in the statement of net position
are different because:

Deferred outflow, pension related	77,882
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Capital assets used in governmental activities are not current financial resources and,
therefore, are not reported in the governmental fund:

Cost of capital assets at December 31, 2025	1,518,673	
Less: accumulated depreciation as of December 31, 2025	<u>(803,911)</u>	714,762

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

Net pension liability	(133,046)
Deferred inflows, pension related	<u>(65,415)</u>

Total net position at December 31, 2025 - Governmental Activities	<u><u>\$ 1,407,406</u></u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025

REVENUES

Fees and fines	\$ 256,961
Non-moving violations	86,025
Other moving violations	30,280
Franchise fees	114,403
Supplemental pay	25,060
Grants	25,000
Occupational licenses	27,785
Beer tax	1,374
Miscellaneous	11,646
Interest	27,421
Total Revenues	<u>605,955</u>

EXPENDITURES

General government	173,509
Public safety	240,797
Capital outlay	24,607
Total Expenditures	<u>438,913</u>

Excess of revenues over expenditures	<u>167,042</u>
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Fund Balance, January 1, 2025	<u>646,181</u>
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Fund Balance, December 31, 2025	<u><u>\$ 813,223</u></u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2025

Net change in fund balance - Governmental fund	\$ 167,042
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital Assets:

Capital outlay capitalized	24,607	
Depreciation expense for the year ended December 31, 2025	<u>(86,994)</u>	
		(62,387)

Non-employer contributions to cost-sharing pension plan	5,714	
Pension benefit	<u>14,911</u>	

Change in Net Position - Governmental Activities	<u>\$ 125,280</u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Reporting Entity

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements

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

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

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

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

The Village reports the following major governmental fund:

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

E. Budgetary Policy and Accounting

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

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

F. Capital Assets

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets (continued)

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

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

G. Accounts receivables

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

H. Use of Estimates

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

I. Cash and Cash Equivalents

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

J. Compensated Absences

GASB Statement No. 101, *Compensated Absences*, requires governments to accrue compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributed to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Permanent, full-time officers of the Village earn annual leave based on years of service. A maximum of 40 hours from their current calendar year into the next calendar year for a maximum of 120 hours at any calendar year. Sick leave is not accumulated or paid. In accordance with GASB Statement No. 101, the Village recognizes a liability for compensated absences to the extent the leave is attributable to services already rendered, accumulates, and is more than likely than not to be used for time off or otherwise settled. At December 31, 2025, there was not any liability to report.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Pension Plans

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

L. Government Wide Net Position

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

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

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

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

M. Fund Equity of Fund Financial Statements

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

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

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity of Fund Financial Statements (continued)

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

N. Deferred Outflows/Inflows of Resources

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

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

2. CASH AND CASH EQUIVALENTS

At December 31, 2025, the Village's cash and cash equivalents (book balance) consisted of the following:

	<u>Governmental Fund</u>
Demand Deposits	\$ 67,552
Funds held in LAMP	<u>708,596</u>
Total cash and cash equivalents	<u>\$ 776,148</u>

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2025, the Village's bank balance of \$78,563 was not exposed to custodial credit risk.

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

At December 31, 2025, the Village had \$708,596 in investments in the Louisiana Asset Management Pool, Inc., (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assts. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 for U. S. Government floating/variable rate investments. The WAM for LAMP's total investments is 73 days.
- Foreign currency risk: Not applicable.

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

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

3. RECEIVABLES

The receivables at December 31, 2025 are as follows:

Class of Receivables

Franchise payments	\$18,693
Other	37,512
Total	<u>\$56,205</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2025, are as follows:

	<u>Land</u>	<u>Building and improvements</u>	<u>Equipment & fixtures</u>	<u>Vehicles</u>	<u>Total</u>
Cost of Capital Assets, December 31, 2024	\$133,511	\$ 831,093	\$ 231,152	\$298,310	\$1,494,066
Additions	-	5,825	18,782	-	24,607
Deletions	-	-	-	-	-
Cost of Capital Assets, December 31, 2025	133,511	836,918	249,934	298,310	1,518,673
Accumulated depreciation, December 31, 2024	-	397,020	174,425	145,472	716,917
Additions	-	32,438	20,186	34,370	86,994
Deletions	-	-	-	-	-
Accumulated depreciation, December 31, 2025	-	429,458	194,611	179,842	803,911
Capital assets, net of accumulated depreciation at December 31, 2025	<u>\$133,511</u>	<u>\$ 407,460</u>	<u>\$ 55,323</u>	<u>\$118,468</u>	<u>\$ 714,762</u>

For the year ended December 31, 2025, depreciation expense was \$86,994. Depreciation expense was allocated to general government and public safety in the amounts of \$39,310 and \$47,684; respectively.

5. PENSION AND RETIREMENT PLAN

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

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

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

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Membership is also mandatory for all individuals, in a position as defined in the municipal fire and police civil service system, who are employed on a full-time basis by a police department of any municipality of this state, are under the direction of a chief of police, and are paid from the budget of the applicable police department. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: Under Act 170 of the 2013 Regular Session of the Legislature, the Board of Trustees may not take action to authorize a COLA during any calendar year prior to the end of the legislative session for that year, during the first six months of any year, or in any calendar year in which the legislature has granted a COLA unless the legislature granting such COLA specifically allows the Board to also take COLA action. Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increases only from funds set aside in the System's funding deposit account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the funding deposit account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less for those employees who enter DROP subsequent to June 30, 2024. Prior to June 30, 2024, the duration of participation in the DROP was 36 months or less. Any employee who began participation in the DROP on or before June 30, 2024, who elected a participation of 36 months, and is participating in the plan on July 1, 2025, may elect to extend participation in the DROP for a total participation of not more than 60 months. If employment is terminated after the DROP period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004 but before July 1, 2019, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate. If the member elects a money market investment account, the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds, the System transferred lump sum distributions to a third party. The third-party acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program.

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

Funding Policy

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

Contributions to the plan are actuarially determined as required by State law but cannot be less than 9% of the employees' earnable compensation excluding overtime but include state supplemental pay. The contribution rates in effect for the Village and covered employees were as follows:

	<u>Village</u>	<u>Employees</u>
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	35.60%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	35.60%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	38.10%	7.50%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
MPERS	\$ 31,646	\$ 16,938	\$ 11,238

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$5,714 were recognized during the year ended June 30, 2025, and excluded net of pension expense.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2025 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of December 31, 2025, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2025 along with the change compared to the June 30, 2024 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30,	Rate at June 30,	Increase (Decrease) on Rate
2025	\$ 133,046	0.0193%	0.0085%
2024	\$ 97,087	0.0107%	(0.0026%)
2023	\$ 140,187	0.0133%	(0.169%)
2022	\$ 308,360	0.0302%	0.0136%
2021	\$ 88,503	0.0166%	(0.0034%)
2020	\$ 184,865	0.0200%	(0.0053%)
2019	\$ 230,021	0.0253%	0.0101%
2018	\$ 85,699	0.0101%	(0.0086%)
2017	\$ 163,573	0.0187%	(0.0055%)
2016	\$ 227,347	0.0243%	0.1077%

The pension plan's recognized pension benefit of the Village for the year ended December was \$20,625.

At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources 2025	Deferred Inflows of Resources 2025
Differences between expected and actual experience	\$ 6,451	\$ 3,520
Changes in assumptions	-	6,111
Net difference between projected and actual earnings on pension plan investments	-	10,480
Changes in proportion and differences in employer contributions and proportionate share of contributions	55,038	45,304
Employer contributions subsequent to the measurement date	16,393	-
	<u>\$ 77,882</u>	<u>\$ 65,415</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

The Village reported a total of \$16,393 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2025. The pension contributions made subsequent to the measurement period was \$16,393.

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

Year	
2026	\$ (10,347)
2027	1,240
2028	9,529
2029	(4,448)
	<u>\$ (3,926)</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2025 valuation were based on the assumptions used in the June 30, 2025 actuarial finding valuation and were based on the results of an actuarial experience study for the period of July 1, 2019 through June 30, 2024. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2025, are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	2025 - 4 years
Investment Rate of Return	6.750% net of investment expense
Inflation Rate	2.50%

Mortality	For active members, annuitants and beneficiaries and disabled retirees, the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees, Safety Below-Median Healthy Retirees, and the Total Dataset for Safety Disabled Retirees Table was used multiplied by 125% for males and females, each with full generational projection using the MP2021 scale; respectively.
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Salary Increases	Years of Salary	Service Growth Rate
	1 - 2	13.00%
	Above 2	4.75%

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.
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VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2019 through June 30, 2024 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included the System's target allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
	MPERS	MPERS
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternatives	14.00%	1.04%
Total	100.00%	5.45%
Inflation		2.67%
Expected Arithmetic Nominal Return		8.12%

Discount Rate

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Village's proportionate share of the Net Pension Liability (NPL) using the discount rate for the Retirement System as well as what the Village's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	Changes in Discount Rate		
	1% Decrease 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net Pension Liability	\$ 218,241	\$ 133,046	\$ 61,699

Payables to Pension Plan

The Village has an accrued liability to the retirement system for \$3,207 the year ended December 31, 2025.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

6. AMOUNTS PAID TO ELECTED OFFICIALS

The amounts paid to elected officials as of December 31, 2025 is as follows:

Jeremy AydeU, Mayor	\$ 6,000
Curt Delhommer, Alderman	1,500
Darryl Murphy, Alderman	1,500
Sean Clouatre, Alderman	1,500
Cary Mosby, Chief of Police	43,200
	<u>\$53,700</u>

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained liability insurance through the Louisiana Risk Management Association (LMRMA). This policy includes general liability insurance as well as liability insurance for the Village Hall, the police car and the patrolmen, and an errors and omissions policy on the public officials. In addition, the Village has purchased building and contents insurance on the Village Hall, comprehensive and collision insurance on the police car and worker's compensation insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the prior year.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financials were available to be issued, June 10, 2026, and has determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

VILLAGE OF FRENCH SETTLEMENT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Fees and fines	\$ 130,800	\$ 250,000	\$ 256,961
Non-moving violations	32,500	85,000	86,025
Other moving violations	10,000	26,000	30,280
Franchise fees	103,000	103,000	114,403
Supplemental pay	18,000	25,100	25,060
Occupational licenses	28,600	28,600	27,785
Grants	1	25,001	25,000
Beer tax	600	600	1,374
Miscellaneous	6,602	5,602	11,646
Interest	18,000	27,000	27,421
Total Revenues	<u>348,103</u>	<u>575,903</u>	<u>605,955</u>
<u>EXPENDITURES</u>			
General government	160,145	215,515	173,509
Public safety	183,402	242,052	240,797
Capital outlay	6,500	1,500	24,607
Total Expenditures	<u>350,047</u>	<u>459,067</u>	<u>438,913</u>
Excess of revenues (under) over expenditures	(1,944)	116,836	167,042
Fund balance, January 1, 2025	<u>569,982</u>	<u>569,982</u>	<u>646,181</u>
Fund Balance, December 31, 2025	<u>\$ 568,038</u>	<u>\$ 686,818</u>	<u>\$ 813,223</u>

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2025 (*)

Municipal Police Employees' Retirement System	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Employer's Proportion of the Net Pension Liability	0.0193%	0.0107%	0.0133%	0.0302%	0.0166%
Employer's Proportionate Share of the Net Pension Liability	\$ 133,046	\$ 97,087	\$ 140,187	\$ 308,360	\$ 88,503
Employer's Covered-Employee Payroll	\$ 72,219	\$ 37,776	\$ 44,950	\$ 89,709	\$ 51,115
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	184.2258%	257.0071%	311.8732%	343.7336%	173.1449%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.9406%	75.8402%	71.3030%	70.7991%	84.0881%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's Proportion of the Net Pension Liability	0.0200%	0.0253%	0.0101%	0.0187%	0.0243%
Employer's Proportionate Share of the Net Pension Liability	\$ 184,865	\$ 230,021	\$ 85,699	\$ 163,573	\$ 227,347
Employer's Covered-Employee Payroll	\$ 54,081	\$ 47,694	\$ 52,224	\$ 55,933	\$ 67,945
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	341.8298%	482.2850%	164.0989%	292.4445%	334.6045%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.9450%	71.0078%	71.8871%	70.0815%	66.0422%

(*) The amounts have a measurement date of the period June 30, 2025.

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF SYSTEM CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

Municipal Police Employees Retirement System	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 31,645	\$ 16,963	\$ 11,238	\$ 22,230	\$ 23,723
Contributions in relation to contractually required contributions	<u>31,646</u>	<u>16,963</u>	<u>11,238</u>	<u>22,230</u>	<u>23,723</u>
Contribution deficiency (excess)	(1)	-	-	-	-
Employer's Covered Employee Payroll	\$ 91,815	\$ 48,551	\$ 34,368	\$ 73,252	\$ 75,701
Contributions as a % of Covered Employee Payroll	34.4660%	34.9385%	32.6990%	30.3473%	31.3378%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 17,634	\$ 13,184	\$ 19,275	\$ 12,578	\$ 20,549
Contributions in relation to contractually required contributions	<u>17,634</u>	<u>13,158</u>	<u>19,275</u>	<u>12,578</u>	<u>21,343</u>
Contribution deficiency (excess)	-	26	-	-	(794)
Employer's Covered Employee Payroll	\$ 53,449	\$ 40,713	\$ 61,283	\$ 40,232	\$ 69,658
Contributions as a % of Covered Employee Payroll	32.9922%	32.3828%	31.4524%	31.2637%	29.4998%

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Jeremy Aydell, Mayor

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

VILLAGE OF FRENCH SETTLEMENT

JUSTICE SYSTEM FUNDING SCHEDULE- COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
DECEMBER 31, 2025

	<u>Amount for</u> <u>1/01/2025 -</u> <u>06/30/2025</u>	<u>Amount for</u> <u>07/01/2025 -</u> <u>12/31/2025</u>
Cash Basis Presentation		
Beginning Cash Balance	\$ 624	\$ 1,530
Collections:		
Criminal Court Costs/Fees	13,872	11,105
Criminal Fines - Contempt	5,900	3,466
Criminal Fines - Other	4,400	1,900
Total Collected	<u>24,172</u>	<u>16,471</u>
Deductions: Collections Retained by the Village of French Settlement		
Criminal Court Costs/Fees	7,270	4,280
Criminal Fines - Contempt	5,900	3,466
Criminal Fines - Other	4,400	1,900
Total Collections Retained by the Village of French Settlement	<u>17,570</u>	<u>9,646</u>
Deductions: Amount Disbursed to Individuals and Entities, Excluding Governments and Nonprofits:		
Supreme Court	250	323
LA Commission on Law Enforcement and Administration of Criminal Justice	980	1,266
Louisiana Department of Health	1,445	1,885
Florida Parishes Juvenile Justice District	2,500	3,230
Department of the Treasury	521	646
	<u>5,696</u>	<u>7,350</u>
Ending Cash Balance	<u>\$ 1,530</u>	<u>\$ 1,005</u>

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of The Village of French Settlement were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were noted.
3. No instances of noncompliance material to the financial statements of Village of French Settlement which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINANCIAL STATEMENT FINDINGS

None noted.

C. COMPLIANCE WITH STATE LAWS AND REGULATIONS

None noted.

VILLAGE OF FRENCH SETTLEMENT
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2025

A. FINDING- FINANCIAL STATEMENTS

None noted

B. NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

None noted.



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

To the Honorable Jeremy AydeU, Mayor
and the Board of Aldermen
French Settlement, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Village of French Settlement, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Village of French Settlement, Louisiana's basic financial statements, and have issued our report thereon dated June 10, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of French Settlement, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of French Settlement, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of French Settlement, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

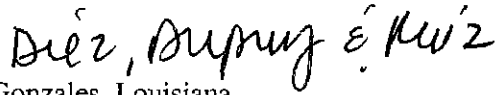
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of French Settlement, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gonzales, Louisiana
June 10, 2026

VILLAGE OF FRENCH SETTLEMENT
STATEWIDE AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board Members of the Village of French Settlement and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The Village of French Settlement's management is responsible for those C/C areas identified in the SAUPs.

The Village of French Settlement has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and entity's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.

- ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above.

- v. ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the functions noted above.

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Written policies and procedures were obtained and address the functions noted above.
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and address the functions noted above.
- viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of the statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Written policies and procedures were obtained and address the functions noted above.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Written policies and procedures were obtained and address the functions noted above.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
This section is not applicable as the Village does not have any debt.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Written policies and procedures were obtained and address the functions noted above.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Written policies and procedures were obtained and address the functions noted above.

2) Board (or Finance Committee, if applicable)

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

No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No audit findings in the prior year.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

DDR noted that the main operating account had several outstanding items over 12 months.

Management's Response: The Village will research old outstanding items greater than 12 months old.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites and management's representation that listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job

duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations and management's representation that listing is complete.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

DDR noted that the employee responsible for preparing deposits is also responsible for making deposits.

See management's response below.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

DDR noted the employee responsible for collecting deposits is also responsible for posting collections to the general ledger.

See management's response below.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee verifies the reconciliation.

DDR noted the employee responsible for reconciling collections to the general ledger is also responsible for collecting deposits.

Management's Response: The Deputy Clerk receives all checks and money orders, writes a receipt, and post the payment to QuickPD as needed. The Village does not take cash as a form of payment. The payments are then given to the Clerk to post in QuickBooks and make the remote deposit. Due to the size of the Village, there are times when the person responsible for posting and making the deposit also collects cash. The personnel make best efforts to segregate the duties to the extent possible. At the end of each month, a reconciliation of collections is performed by both employees.

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

No exceptions noted.

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

- i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

DDR noted that, based off the collection's receipts, the deposits were not made within one week of the collection.

Management's Response: The Village now has remote deposit and this matter has been resolved.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained management's representation that listing of locations that process payments is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exception noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved the required number of authorized signers per the entity's policy.

No exceptions noted.

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

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

Obtained listing of the credit cards and management's representation that listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

DDR noted that a terminated employee's name is still listed on one of the credit cards.

Management's Response: The beginning of 2025 marked a new administration including a new Clerk. The bank needed a resolution for new clerk information and new signature cards to make transition. Once resolution was approved at town hall meeting on 1/8/25, the information was presented to the bank the next day. The bank needed took three weeks to deactivate the old cards and reissue new ones. Issue is considered resolved.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Obtained listing of travel and related expense reimbursements and management's representation that listing is complete.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Obtained management's representation that the listing of contracts initiated or renewed during the fiscal period is complete.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions noted

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions noted.

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained listing of employees and officials employed during the fiscal period and management's representation that the listing is complete.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions noted.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable, the Village does not have any debt.

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

Not applicable.

12) Fraud Notice

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

Management asserted that the entity did not have any misappropriations of public funds or assets.

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

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying

backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

- C. Using the 5 randomly selected employees/ officials from Payroll and Personnel procedure #9, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S.42:1267^25. The requirements are as follows:
 - Hired before June 9, 2020- completed the training; and
 - Hired on or after June 9, 2020- completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

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

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

DDR observed that it was dated after February 1st.

Management Response: The report will be dated timely going forward.

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exception noted.

- ii. Number of sexual harassment complaints received by the agency;

No exception noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exception noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exception noted.

- v. Amount of time it took to resolve each complaint.

No exception noted.

We were engaged by the Village of French Settlement to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Diér, Dupuy & Ruiz

Gonzales, Louisiana
June 10, 2026