

VILLAGE OF FOLSOM, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2023

VILLAGE OF FOLSOM, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

January 3, 2024

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana (the Village) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Folsom, Louisiana's basic financial statements. The accompanying schedule of compensation paid to governing board; the schedule of compensation, benefits, and other payments to agency head or chief executive officer; and the justice system funding schedule – collecting / disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to governing board, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the justice system funding schedule – collecting / disbursing entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of the Village of Folsom, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Folsom, Louisiana's internal control over financial reporting and compliance.


New Orleans, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

As management of the Village of Folsom, Louisiana (the Village), we offer readers of the Village’s financial statements this narrative overview and analysis of the financial activities of the Village, for the fiscal year ended June 30, 2023. This Management’s Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village’s financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village’s short-term and long-term activities, based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village’s financial activity, identify changes in the Village’s financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget) and identify individual fund issues or concerns.

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

Overview of the Financial Statements

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

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

1. Government-Wide Financial Statements

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

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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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

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

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

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

Government-Wide Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. The Village's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,357,277 (net position). The Village's net position is comprised of \$4,385,560 from governmental activities and \$1,971,717 from business-type activities as shown on the Statement of Net Position.

Approximately 43.1% of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, Village infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

1. Government-Wide Financial Statements (Continued)

Condensed Statements of Net Position						
<u>June 30, 2023 and 2022</u>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current & other assets	\$ 3,478,581	\$ 3,308,059	\$ 774,935	\$ 792,574	\$ 4,253,516	\$ 4,100,633
Capital assets	1,390,731	876,597	3,459,450	3,571,990	4,850,181	4,448,587
Total assets	<u>4,869,312</u>	<u>4,184,656</u>	<u>4,234,385</u>	<u>4,364,564</u>	<u>9,103,697</u>	<u>8,549,220</u>
Deferred outflows	245,568	157,415	36,663	16,277	282,231	173,692
Long-term liabilities	669,051	401,013	2,149,650	2,155,075	2,818,701	2,556,088
Other liabilities	23,294	217,707	148,192	139,508	171,486	357,215
Total liabilities	<u>692,345</u>	<u>618,720</u>	<u>2,297,842</u>	<u>2,294,583</u>	<u>2,990,187</u>	<u>2,913,303</u>
Deferred inflows	36,975	187,740	1,489	14,145	38,464	201,885
Net position						
Net investment in						
capital assets	1,390,731	876,597	1,348,540	1,411,375	2,739,271	2,287,972
Restricted	176,121	128,907	297,157	272,196	473,278	401,103
Unrestricted	<u>2,818,708</u>	<u>2,530,107</u>	<u>326,020</u>	<u>388,542</u>	<u>3,144,728</u>	<u>2,918,649</u>
Total net position	<u>\$ 4,385,560</u>	<u>\$ 3,535,611</u>	<u>\$ 1,971,717</u>	<u>\$ 2,072,113</u>	<u>\$ 6,357,277</u>	<u>\$ 5,607,724</u>

Governmental Activities

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

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

	<u>For the Year Ended June 30,</u>			
	<u>2023</u>	<u>%</u>	<u>2022</u>	<u>%</u>
Governmental Activities Expenses:				
General Government	\$ 381,540	34%	\$ 424,256	37%
Public Safety	495,607	44%	396,438	35%
Public Works	242,946	22%	316,897	28%
Total Governmental Activities	<u>\$ 1,120,093</u>	<u>100%</u>	<u>\$ 1,137,591</u>	<u>100%</u>

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

1. Government-Wide Financial Statements (Continued)

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

	For the Year Ended June 30,			
	2023	%	2022	%
General Revenues:				
Taxes	\$ 1,299,791	81%	\$ 1,176,613	84%
Insurance Licenses	74,904	5%	70,413	5%
Licenses and Permits	79,647	5%	76,258	5%
Other General Revenues	53,141	3%	52,319	4%
Fines and Forfeitures	43,830	3%	31,871	2%
Investment Earnings	47,446	3%	1,884	0%
Net Transfers In (Out)	3,575	0%	-	0%
Total General Revenues and Transfers	\$ 1,602,334	100%	\$ 1,409,358	100%

Business-Type Activities

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

	Water Fund		Sewer Fund		Garbage Fund	
	For the Year		For the Year		For the Year	
	Ended June 30,		Ended June 30,		Ended June 30,	
	2023	2022	2023	2022	2023	2022
Operating Revenues	\$ 196,136	\$ 198,327	\$ 215,924	\$ 219,015	\$ 64,047	\$ 62,771
Operating Expenses	287,766	252,269	163,206	133,490	67,602	63,788
Net Operating Income (Loss)	\$ (91,630)	\$ (53,942)	\$ 52,718	\$ 85,525	\$ (3,555)	\$ (1,017)

2. Fund Financial Statements

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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

2. Fund Financial Statements (Continued)

Governmental Funds

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

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

The Village has three individual governmental funds at June 30, 2023. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Sales Tax Fund, and Streets and Drainage Fund, which are considered to be major funds. The basic governmental funds financial statements are presented on pages 14 through 17 of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$3,458,902. In the General Fund, the nonspendable for prepaid amounts balance is \$210, the assigned for public safety balance is \$291,034, and the unassigned fund balance is \$1,281,578. In the Sales Tax Fund, the assigned for public works fund balance is \$1,713,141. In the Streets and Drainage Fund, the restricted for public works fund balance is \$172,939.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT’S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

2. Fund Financial Statements (Continued)

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

	General Fund	Sales Tax Fund	Streets and Drainage Fund
Fund Balance at June 30, 2022	\$ 1,377,710	\$ 1,496,295	\$ 224,109
Fund Balance at June 30, 2023	1,572,822	1,713,141	172,939
Increase (Decrease) in Fund Balance	\$ 195,112	\$ 216,846	\$ (51,170)

Proprietary Funds

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

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

3. Notes to Financial Statements

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

4. Required Supplementary Information

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

5. Other Supplementary Information

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

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

5. Other Supplementary Information (Continued)

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$4,850,181 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, street improvements, equipment, furniture, vehicles, water system and equipment, and sewer system and equipment. The total increase in the Village's net investment in capital assets was \$401,594. This was primarily due the Village Trace Drainage Improvement Project, the purchase of a new police vehicle, and various equipment additions.

	Capital Assets, Net of Accumulated Depreciation					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 285,000	\$ 285,000	\$ 14,350	\$ 14,350	\$ 299,350	\$ 299,350
Construction in progress	-	116,520	-	-	-	116,520
Buildings and improvements	496,271	45,137	-	-	496,271	45,137
Equipment, furniture, and vehicles	154,270	98,917	-	-	154,270	98,917
Street improvements	455,190	331,023	-	-	455,190	331,023
Water system and equipment	-	-	857,361	899,385	857,361	899,385
Sewer system and equipment	-	-	2,587,739	2,658,255	2,587,739	2,658,255
Total	\$ 1,390,731	\$ 876,597	\$ 3,459,450	\$ 3,571,990	\$ 4,850,181	\$ 4,448,587

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

Long-Term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$2,110,910. This amount is comprised of bonds secured solely by specified revenue sources (i.e. revenue bonds) that have been issued in connection with sewer improvements.

	Business-Type Activities	
	2023	2022
Revenue Bonds	\$ 2,110,910	\$ 2,160,615
Total long-term debt	\$ 2,110,910	\$ 2,160,615

The Village's total debt decreased by \$49,705 during the current fiscal year. Additional information on the Village's long-term debt can be found in Note 8 of this report.

VILLAGE OF FOLSOM, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023
(Unaudited)

5. Other Supplementary Information (Continued)

General Fund Budgetary Highlights

During the year, the General Fund budget was amended to reduce budgeted revenues by \$138,406, to increase budgeted expenditures by \$251,000, and to increase net operating transfers in by \$166,000. The Sales Tax Fund budget was amended to increase budgeted revenues by \$343,471, to increase budgeted expenditures by \$26,500, and to increase budgeted net operating transfers out by \$193,000. The Streets and Drainage Fund budget was amended to increase budgeted expenditures by \$72,900 and to increase net operating transfers in by \$18,800.

Economic Factors and Next Year's Budget

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

Requests for Information

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

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 3,052,045	\$ 446,392	\$ 3,498,437
Receivables, net			
Water, sewer, and garbage	-	37,742	37,742
Sales taxes	207,895	-	207,895
Other	35,954	-	35,954
Internal balances	6,356	(6,356)	-
Prepaid expenses	210	-	210
Restricted cash and cash equivalents	176,121	297,157	473,278
Capital assets, net	1,390,731	3,459,450	4,850,181
Total assets	<u>4,869,312</u>	<u>4,234,385</u>	<u>9,103,697</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	245,568	36,663	282,231
Liabilities:			
Accounts payable	12,370	9,191	21,561
Accrued liabilities	7,309	5,341	12,650
Compensated absences	3,615	1,724	5,339
Payable from restricted assets:			
Customer deposits	-	80,400	80,400
Revenue bonds - due within one year	-	51,536	51,536
Revenue bonds - due in more than one year	-	2,059,374	2,059,374
Net pension liability - due in more than one year	669,051	90,276	759,327
Total liabilities	<u>692,345</u>	<u>2,297,842</u>	<u>2,990,187</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	36,975	1,489	38,464
Net Position:			
Net investment in capital assets	1,390,731	1,348,540	2,739,271
Restricted:			
Debt service	-	216,757	216,757
Customer deposits	-	80,400	80,400
Public works	176,121	-	176,121
Unrestricted	2,818,708	326,020	3,144,728
Total net position	<u>\$ 4,385,560</u>	<u>\$ 1,971,717</u>	<u>\$ 6,357,277</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 381,540	\$ -	\$ 202,636	\$ -	\$ (178,904)	\$ -	\$ (178,904)
Public safety	495,607	-	-	-	(495,607)	-	(495,607)
Public works	242,946	-	159,666	5,406	(77,874)	-	(77,874)
Total governmental activities	1,120,093	-	362,302	5,406	(752,385)	-	(752,385)
Business-type activities:							
Water	287,766	196,136	-	-	-	(91,630)	(91,630)
Sewer	163,206	215,924	-	-	-	52,718	52,718
Garbage	67,602	64,047	-	-	-	(3,555)	(3,555)
Interest on long-term debt	67,547	-	-	-	-	(67,547)	(67,547)
Total business-type activities	586,121	476,107	-	-	-	(110,014)	(110,014)
Total	\$ 1,706,214	\$ 476,107	\$ 362,302	\$ 5,406	(752,385)	(110,014)	(862,399)
General revenues:							
Taxes					1,299,791	-	1,299,791
Insurance licenses					74,904	-	74,904
Licenses and permits					79,647	-	79,647
Other general revenues					53,141	3,242	56,383
Fines and forfeitures					43,830	-	43,830
Investment earnings					47,446	9,951	57,397
Net Transfers In (Out)					3,575	(3,575)	-
Total general revenues and transfers					1,602,334	9,618	1,611,952
Change in net position					849,949	(100,396)	749,553
Net position, beginning of year					3,535,611	2,072,113	5,607,724
Net position, end of year					\$ 4,385,560	\$ 1,971,717	\$ 6,357,277

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,493,019	\$ 1,559,026	\$ -	\$ 3,052,045
Restricted cash and cash equivalents	-	-	176,121	176,121
Receivables, net:				
Sales	-	207,895	-	207,895
Other	35,954	-	-	35,954
Due from other funds	59,394	2,000	-	61,394
Prepaid expenses	210	-	-	210
Total assets	<u>\$ 1,588,577</u>	<u>\$ 1,768,921</u>	<u>\$ 176,121</u>	<u>\$ 3,533,619</u>
Liabilities:				
Accounts payable	\$ 10,041	\$ 1,147	\$ 1,182	\$ 12,370
Accrued liabilities	5,714	1,595	-	7,309
Due to other funds	-	53,038	2,000	55,038
Total liabilities	<u>15,755</u>	<u>55,780</u>	<u>3,182</u>	<u>74,717</u>
Fund balances:				
Restricted for public works	-	-	172,939	172,939
Nonspendable for prepaid amounts	210	-	-	210
Assigned for:				
Public works	-	1,713,141	-	1,713,141
Public safety	291,034	-	-	291,034
Unassigned	1,281,578	-	-	1,281,578
Total fund balances	<u>1,572,822</u>	<u>1,713,141</u>	<u>172,939</u>	<u>3,458,902</u>
Total liabilities and fund balances	<u>\$ 1,588,577</u>	<u>\$ 1,768,921</u>	<u>\$ 176,121</u>	<u>\$ 3,533,619</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances for governmental funds at June 30, 2023	\$ 3,458,902
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,390,731
Deferred outflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	245,568
Long-term liabilities at June 30, 2023:	
Compensated absences liability	(3,615)
Net pension liabilities	(669,051)
Deferred inflows of resources for retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds	<u>(36,975)</u>
Total net position of governmental activities at June 30, 2023	<u><u>\$ 4,385,560</u></u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Sales Tax Fund	Streets & Drainage Fund	Total Governmental Funds
Revenues:				
Taxes:				
Sales taxes	\$ -	\$ 1,214,041	\$ -	\$ 1,214,041
Franchise taxes	76,224	-	-	76,224
Other	9,526	-	-	9,526
Insurance licenses	74,904	-	-	74,904
Licenses and permits	79,647	-	-	79,647
Grants	204,043	163,666	-	367,709
Other revenues	31,982	-	4,716	36,698
Fines and forfeitures	43,830	-	-	43,830
Interest income	20,109	25,362	1,975	47,446
Total revenues	<u>540,265</u>	<u>1,403,069</u>	<u>6,691</u>	<u>1,950,025</u>
Expenditures:				
Current:				
General government	365,922	-	-	365,922
Public safety	422,829	-	-	422,829
Public works	-	136,004	43,091	179,095
Capital outlay	447,763	-	166,250	614,013
Total expenditures	<u>1,236,514</u>	<u>136,004</u>	<u>209,341</u>	<u>1,581,859</u>
Excess (deficiency) of revenues over expenditures	<u>(696,249)</u>	<u>1,267,065</u>	<u>(202,650)</u>	<u>368,166</u>
Other financing sources (uses):				
Transfers in	901,361	-	151,480	1,052,841
Transfers out	(10,000)	(1,050,219)	-	(1,060,219)
Total other financing sources (uses)	<u>891,361</u>	<u>(1,050,219)</u>	<u>151,480</u>	<u>(7,378)</u>
Net change in fund balances	195,112	216,846	(51,170)	360,788
Fund balance, beginning of year	1,377,710	1,496,295	224,109	3,098,114
Fund balance, end of year	<u>\$ 1,572,822</u>	<u>\$ 1,713,141</u>	<u>\$ 172,939</u>	<u>\$ 3,458,902</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds \$ 360,788

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

Governmental funds report capital outlays as expenditures; however,
in the Statement of Activities, the cost of those assets is allocated over
the assets' estimated useful lives through depreciation expense. This is the
amount by which capital outlays charged in the current period exceeded
depreciation expense. 514,134

Expenses for compensated absences reported in the Statement of Activities
do not require the use of current financial resources and therefore are not in
governmental funds 4,148

Pension expense, which is the change in the net pension liability adjusted
for changes in deferred outflows and inflows of resources related to pensions,
is reported in the Statement of Activities. (45,564)

The Village's proportionate share of non-employer contributions to the
pension plans is reported in the Statement of Activities. 16,443

Change in net position of governmental activities \$ 849,949

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 61,730	\$ 376,701	\$ 7,961	\$ 446,392
Receivables				
Water, sewer, and garbage, net	13,992	18,678	5,072	37,742
Due from other funds	4,732	11,216	2,168	18,116
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	80,454	406,595	15,201	502,250
Non-current assets:				
Restricted cash and cash equivalents	143,192	153,965	-	297,157
Capital assets, net of accumulated depreciation	871,711	2,587,739	-	3,459,450
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current assets	1,014,903	2,741,704	-	3,756,607
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	1,095,357	3,148,299	15,201	4,258,857
Deferred outflows of resources:				
Deferred outflows related to pensions	31,698	4,965	-	36,663
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Current liabilities:				
Accounts payable	2,337	1,277	5,577	9,191
Accrued liabilities	1,962	3,379	-	5,341
Compensated absences	1,724	-	-	1,724
Due to other funds	16,688	7,784	-	24,472
Payable from restricted assets:				
Revenue bonds	17,988	33,548	-	51,536
Customer deposits	50,920	29,480	-	80,400
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	91,619	75,468	5,577	172,664
Non-current liabilities:				
Revenue bonds	263,978	1,795,396	-	2,059,374
Net pension liabilities	78,049	12,227	-	90,276
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current liabilities	342,027	1,807,623	-	2,149,650
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	433,646	1,883,091	5,577	2,322,314
Deferred inflows of resources:				
Deferred inflows related to pensions	1,287	202	-	1,489
	<hr/>	<hr/>	<hr/>	<hr/>
Net position:				
Net investment in capital assets	589,745	758,795	-	1,348,540
Restricted for revenue bonds	92,272	124,485	-	216,757
Restricted for customer deposits	50,920	29,480	-	80,400
Unrestricted	(40,815)	357,211	9,624	326,020
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	\$ 692,122	\$ 1,269,971	\$ 9,624	\$ 1,971,717
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Operating Revenues:				
Service fees	\$ 185,377	\$ 215,924	\$ 64,047	\$ 465,348
Delinquent fees	10,759	-	-	10,759
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	196,136	215,924	64,047	476,107
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Expenses:				
Salaries and fringe benefits	98,486	18,624	-	117,110
Depreciation	56,260	90,870	-	147,130
Garbage collection	-	-	67,391	67,391
General and administrative	59,759	14,225	211	74,195
Utilities	12,990	17,214	-	30,204
Repairs and maintenance	60,271	22,273	-	82,544
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	287,766	163,206	67,602	518,574
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	(91,630)	52,718	(3,555)	(42,467)
	<hr/>	<hr/>	<hr/>	<hr/>
Non-Operating Revenues (Expenses):				
Interest income	3,088	6,711	152	9,951
Other income	2,835	407	-	3,242
Interest and fiscal charges	(13,806)	(53,741)	-	(67,547)
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(7,883)	(46,623)	152	(54,354)
	<hr/>	<hr/>	<hr/>	<hr/>
Income (loss) before transfers	(99,513)	6,095	(3,403)	(96,821)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Transfers In (Out)	2,667	(13,572)	7,330	(3,575)
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position	(96,846)	(7,477)	3,927	(100,396)
	<hr/>	<hr/>	<hr/>	<hr/>
Net position, beginning of year	788,968	1,277,448	5,697	2,072,113
	<hr/>	<hr/>	<hr/>	<hr/>
Net position, end of year	\$ 692,122	\$ 1,269,971	\$ 9,624	\$ 1,971,717
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See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 201,168	\$ 216,254	\$ 64,533	\$ 481,955
Receipts from operating grants	4,732	9,973	-	14,705
Payments to suppliers	(133,000)	(52,548)	(67,353)	(252,901)
Payments to employees	(92,032)	(17,916)	-	(109,948)
Net cash provided (used) by operating activities	<u>(19,132)</u>	<u>155,763</u>	<u>(2,820)</u>	<u>133,811</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers	6,354	(6,409)	7,330	7,275
Proceeds from (replacement of) interfund borrowings	1,729	1,188	(220)	2,697
Net cash provided (used) by non-capital financing activities	<u>8,083</u>	<u>(5,221)</u>	<u>7,110</u>	<u>9,972</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(14,236)	(20,354)	-	(34,590)
Principal paid on capital debt	(17,173)	(32,532)	-	(49,705)
Interest paid on capital debt	(13,840)	(53,785)	-	(67,625)
Other receipts	252	-	-	252
Net cash used by capital and related financing activities	<u>(44,997)</u>	<u>(106,671)</u>	<u>-</u>	<u>(151,668)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	3,088	6,711	152	9,951
Net cash provided by investing activities	<u>3,088</u>	<u>6,711</u>	<u>152</u>	<u>9,951</u>
Net increase (decrease) in cash and cash equivalents	(52,958)	50,582	4,442	2,066
Cash and cash equivalents, beginning of year	257,880	480,084	3,519	741,483
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 204,922</u></u>	<u><u>\$ 530,666</u></u>	<u><u>\$ 7,961</u></u>	<u><u>\$ 743,549</u></u>
CASH AND CASH EQUIVALENTS RECONCILIATION:				
Cash and cash equivalents (unrestricted)	\$ 61,730	\$ 376,701	\$ 7,961	\$ 446,392
Restricted cash and cash equivalents	143,192	153,965	-	297,157
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 204,922</u></u>	<u><u>\$ 530,666</u></u>	<u><u>\$ 7,961</u></u>	<u><u>\$ 743,549</u></u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (91,630)	\$ 52,718	\$ (3,555)	\$ (42,467)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	56,260	90,870	-	147,130
Pension expense	4,516	708	-	5,224
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	1,412	(1,760)	486	138
Decrease (increase) in grants receivable	4,732	9,973	-	14,705
Decrease (increase) in prepaid expenses	2,165	-	-	2,165
Increase (decrease) in accounts payable	20	632	249	901
Increase (decrease) in accrued liabilities	(359)	532	-	173
Increase (decrease) in compensated absences	132	-	-	132
Decrease (increase) in customer deposits	3,620	2,090	-	5,710
	<u>\$ (19,132)</u>	<u>\$155,763</u>	<u>\$ (2,820)</u>	<u>\$133,811</u>
Supplementary disclosure of cash flow information				
Interest paid	<u>\$ 13,840</u>	<u>\$ 53,785</u>	<u>\$ -</u>	<u>\$ 67,625</u>

See accompanying notes to the financial statements.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Introduction

The Village of Folsom, Louisiana (the Village), was incorporated in 1915, under the provisions of the Lawrason Act, Louisiana Revised Statute (LRS) 33:321. The Village operates under a Mayor-Board of Aldermen form of government. The Village provides police protection, maintenance of streets, economic development, water, sewer, and garbage services. The Police Chief is appointed by the Mayor. The Village's Board of Aldermen approves the annual budget for the Police Department and dedicates portions of the Village's revenues to fund this department. The Police Department is not legally separate, and, therefore, is a function of the primary government and its operations are reported as a part of the Village's General Fund.

The accounting and reporting policies of the Village conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of guides set forth in *Louisiana Audit Guide*, and to the industry audit and accounting guide, *State and Local Governments*.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, the Village includes all funds which are controlled by or dependent on the Village, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation, management or governing authority, and authority to issue debt. Based on these criteria, the Village has determined that there are no component units that are part of the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds, when applicable, are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The Village has presented the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Village. This fund is used to account for all financial transactions and resources, except those that are required to be accounted for in another fund. Revenues are derived primarily from transfers from the Sales Tax Fund, licenses and permits, local taxes, fines and forfeitures, charges for services, and interest income. Expenditures of the General Fund include both general government and public safety.

Sales Tax Fund

The Sales Tax Fund is used to account for the proceeds of specific revenue sources (other than capital projects) for which substantial amounts are legally restricted to expenditures for specific purposes. The Village's Sales Tax Fund accounts for the collection of three sales tax issues described as follows:

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Streets and Drainage Fund

The Streets and Drainage Fund is used to account for activity associated with an intergovernmental agreement entered into by the Village and St. Tammany Parish, Louisiana. This agreement restricts certain sales tax revenues collected within a defined growth management area for public works within that area.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of net income, financial position, and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. The Village has presented the following major proprietary funds:

Water Fund

The water fund is used to account for the water services provided to the residents and businesses of the Village.

Sewer Fund

The sewer fund is used to account for the sewer services provided to the residents and businesses of the Village.

Garbage Fund

The garbage fund is used to account for the garbage services provided to the residents and businesses of the Village.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Budgets and Budgetary Accounting

All proposed budgets must be completed and submitted to the Village Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means for financing them.

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

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

Deposits and Cash Equivalents

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Cash Equivalents (Continued)

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

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

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

Accounts Receivable

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

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

Uncollectible amounts due for customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance is \$10,548 for the Water Fund, \$8,581 for the Sewer Fund, and \$2,585 for Garbage Fund at June 30, 2023.

Prepaid Items

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

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

Accumulated Unpaid Vacation Pay

The Village's employees earn vacation time at the rate of two weeks for up to five years of service, three weeks for up to ten years of service, and four weeks for ten years or more of service. Sick leave is earned at a rate of one day per month and can accumulate up to a limit of 480 hours. Sick leave is not payable upon termination; thus, no liability is recorded. On December 9, 2019, the Village adopted an ordinance that accrued vacation time will be paid to employees who retire, resign, or are dismissed from employment. The Village has recorded a liability of \$3,615 for Governmental Activities and \$1,724 in the Water Fund at June 30, 2023.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

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

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

Fund Equity

Government-Wide Financial Statements

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

1. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* – Net position with constraints placed on the use either by:
 - a. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Fund Financial Statements

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

1. *Nonspendable* – Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
2. *Restricted* – Amounts that can be spent only for specific purposes because of the Village Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
3. *Assigned* – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the governing Board.
4. *Unassigned* – All amounts not included in other spendable classifications.

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

Interfund Transactions

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compliance with Debt Covenants

As of June 30, 2023, the Village was in compliance with the required funding of the Water Utility Bond Reserve Fund, the Water Utility Depreciation & Contingency Fund, and the Sewer Utility Bond Reserve Fund.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The statement established uniform accounting and financial reporting requirements for SBITAs; improved the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistence of information about SBITAs. The Village has analyzed the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, and has concluded that there are no material contracts which qualify for adjustment or disclosure under the new statement. Therefore, no restatement of prior periods or cumulative effect adjustment recorded in the year of adoption, was considered necessary.

2. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At year-end, the carrying amount of the Village's bank deposits was \$3,717,908 (including \$473,278 of restricted cash).

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. At June 30, 2023, the Village had \$3,732,307 in interest and non-interest-bearing demand deposits. These deposits are fully secured from risk by federal deposit insurance of \$250,000 and \$3,645,333 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

At June 30, 2023, cash equivalents of \$253,807 consisted of local government pooled investments maintained by Louisiana Asset Management Pool, Inc. (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. CASH AND CASH EQUIVALENTS (Continued)

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA R.S. 33:2955. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor’s.
- Custodial credit risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM (to reset) and the WAM (to final) for LAMP’s total investments was 26 days and 56 days, respectively, at June 30, 2023.
- Foreign currency risk: Not applicable.

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

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

3. UTILITY ACCOUNTS RECEIVABLE

At June 30, 2023, the Village had the following utility receivable and corresponding allowance for doubtful accounts in its proprietary funds:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Garbage</u> <u>Fund</u>
Receivable	\$ 24,540	\$ 27,259	\$ 7,657
Allowance for Doubtful Accounts	<u>(10,548)</u>	<u>(8,581)</u>	<u>(2,585)</u>
Receivable, net	<u>\$ 13,992</u>	<u>\$ 18,678</u>	<u>\$ 5,072</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Completed Construction	Balance June 30, 2023
<u>Governmental Activities</u>					
Capital assets not being depreciated:					
Land	\$ 285,000	\$ -	\$ -	\$ -	\$ 285,000
Construction in progress - improvements	116,520	-	-	(116,520)	-
Total capital assets not being depreciated	<u>401,520</u>	<u>-</u>	<u>-</u>	<u>(116,520)</u>	<u>285,000</u>
Capital assets being depreciated:					
Buildings and improvements	270,282	357,512	-	116,520	744,314
Equipment, furniture, and vehicles	492,844	103,176	-	-	596,020
Street improvements	370,278	153,325	-	-	523,603
Total capital assets being depreciated	<u>1,133,404</u>	<u>614,013</u>	<u>-</u>	<u>116,520</u>	<u>1,863,937</u>
Less accumulated depreciation for:					
Buildings and improvements	(225,145)	(22,898)	-	-	(248,043)
Equipment, furniture, and vehicles	(393,927)	(47,823)	-	-	(441,750)
Street improvements	(39,255)	(29,158)	-	-	(68,413)
Total accumulated depreciation	<u>(658,327)</u>	<u>(99,879)</u>	<u>-</u>	<u>-</u>	<u>(758,206)</u>
Total capital assets being depreciated	<u>475,077</u>	<u>514,134</u>	<u>-</u>	<u>116,520</u>	<u>1,105,731</u>
Total Governmental Activities	<u>\$ 876,597</u>	<u>\$ 514,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,390,731</u>
	Balance July 1, 2022	Additions	Deletions	Completed Construction	Balance June 30, 2023
<u>Business-Type Activities</u>					
Capital assets not being depreciated:					
Land	\$ 14,350	\$ -	\$ -	\$ -	\$ 14,350
Total capital assets not being depreciated	<u>14,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,350</u>
Capital assets being depreciated:					
Water system and equipment	2,267,963	14,236	-	-	2,282,199
Sewer system and equipment	3,525,258	20,354	-	-	3,545,612
Total capital assets being depreciated	<u>5,793,221</u>	<u>34,590</u>	<u>-</u>	<u>-</u>	<u>5,827,811</u>
Less accumulated depreciation for:					
Water system and equipment	(1,368,578)	(56,260)	-	-	(1,424,838)
Sewer system and equipment	(867,003)	(90,870)	-	-	(957,873)
Total accumulated depreciation	<u>(2,235,581)</u>	<u>(147,130)</u>	<u>-</u>	<u>-</u>	<u>(2,382,711)</u>
Total capital assets being depreciated, net	<u>3,557,640</u>	<u>(112,540)</u>	<u>-</u>	<u>-</u>	<u>3,445,100</u>
Total Business-Type Activities	<u>\$ 3,571,990</u>	<u>\$ (112,540)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,459,450</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. CAPITAL ASSETS (Continued)

Depreciation was charged to programs as follows:

Governmental Activities:	
General government	\$ 9,439
Public safety	30,168
Public works	60,272
Total	\$ 99,879
Business-Type Activities:	
Water	\$ 56,260
Sewer	90,870
Total	\$ 147,130

5. PENSION PLANS

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

Municipal Employees’ Retirement System

Plan Description

The Village provides pension benefits for substantially all full-time employees through the Municipal Employees’ Retirement System of Louisiana, Plan B. The retirement system is a cost-sharing, multiple-employer, statewide retirement system which is administered and controlled by a separate board of trustees. It provides retirement, disability, and survivor benefits to participating, eligible-employees. For the year ended June 30, 2022 (measurement date), there were 88 contributing municipalities in Plan A and 70 in Plan B.

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

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Retirement Benefits

Any member of Plan B who commenced participation in the Plan prior to January 1, 2013, can retire providing the member meets one of the following criteria:

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

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

Any member of Plan B who commenced participation in the Plan on or after January 1, 2013 (Tier 2) shall be eligible for retirement if the member meets one of the following criteria:

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

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

Survivor Benefits

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

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

DROP Benefits

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

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

Disability Benefits

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

Cost-of-Living Increases

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Cost-of-Living Increases (Continued)

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

Deferred Benefits

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

Contributions

Contributions for all members are established by state statute. Member contributions were at 5.0% of earnable compensation for Plan B for the year ended June 30, 2023. The contributions were deducted from the member's salary and remitted to Municipal Employees' Retirement System by the Village.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2023, the employer contribution rate was 15.5% of a member's earnings for Plan B.

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

Administrative costs of the System are financed through employer contributions.

The Village's employer contributions to Municipal Employees' Retirement System for the year ended June 30, 2023, were \$39,768, and were equal to the required contributions for each year. Revenue recognized for contributions funded by the State of Louisiana amounted to \$8,485 for the year ended June 30, 2023.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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

At June 30, 2023, the Village reported a liability of \$256,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Village's proportion was 0.292004%, which was an increase of 0.018996% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized pension expense of \$54,602, \$38,416 of which was recorded within governmental activities and \$16,186 of which was recorded in business-type activities.

At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,112	\$ -	\$ 1,149
Changes in assumptions	1,777	-	966	-
Net difference between projected and actual earnings of pension plan investments	30,545	-	16,602	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,367	626	5,092	340
Employer contributions subsequent to measurement date	25,765	-	14,003	-
	<u>\$ 67,454</u>	<u>\$ 2,738</u>	<u>\$ 36,663</u>	<u>\$ 1,489</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

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

Deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year ending:</u>	
June 30, 2024	\$ 20,474
June 30, 2025	13,439
June 30, 2026	5,062
June 30, 2027	21,147
	<u>\$ 60,122</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Village as of June 30, 2022, are as follows:

	<u>Plan B</u>
Total Pension Liability	\$ 842,107
Less: Plan Fiduciary Net Position	<u>585,732</u>
Total Net Pension Liability	<u>\$ 256,375</u>

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

A summary of the actuarial methods and assumptions used in determining the total net pension liability in the June 30, 2022, valuation, are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Inflation Rate	2.50%
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Salary Increases, including Inflation and Merit Increases	1 to 4 years of service – 7.4% - Plan B More than 4 years of service – 4.9% - Plan B
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Cost-of-Living Adjustments	The present value of the future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.95% for the year ended June 30, 2022.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022, are summarized in the following table:

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

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Changes in Net Pension Liability

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period.

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

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

Contributions – Proportionate Share

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

Sensitivity to Changes in Discount Rate

The following represents the net pension liability of the Village calculated using the discount rate of 6.85%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

	1% Decrease <u>(5.85%)</u>	Current Discount Rate <u>(6.85%)</u>	1% Increase <u>(7.85%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 349,487</u>	<u>\$ 256,375</u>	<u>\$ 177,623</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Employees' Retirement System (Continued)

Retirement System Audit Report

Municipal Employees' Retirement System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website: www.mersla.com or on the Louisiana Legislative Auditor's official website: www.la.gov.

Payables to the Pension Plan

At June 30, 2023, there was \$4,801 payable to MERS for June 2023 employee and employer legally-required contributions.

Municipal Police Employees' Retirement System

Plan Description

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

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

Retirement Benefits

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Retirement Benefits (Continued)

Membership Prior to January 1, 2013 (Continued)

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

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

Membership Commencing January 1, 2013

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

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

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Cost-of-Living Adjustments

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

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

Deferred Retirement Option Plan

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

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

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Initial Benefit Option Plan

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

Employer Contributions

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

For the year ended June 30, 2023, the contribution rates were as follows:

	Contribution Rates		
	Employee	Employer	Total
Members hired prior to 1/1/2013	10.00%	31.25%	41.25%
Hazardous Duty Members hired after 1/1/2013	10.00%	31.25%	41.25%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	31.25%	39.25%
Members whose earnable compensation is less than poverty guidelines	7.50%	33.75%	41.25%

The Village of Folsom's employer contributions to the Municipal Police Employees' Retirement System for the year ended June 30, 2023, were \$48,423, and were equal to the required contributions for each year.

Non-employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2023, and excluded from pension expense. Revenue recognized for non-contributing entity contributions amounted to \$10,946 for the year ended June 30, 2023.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

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

At June 30, 2023, the Village reported a liability of \$502,952 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on the projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Village's proportion was 0.049204%, which was a decrease of 0.004638% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized pension expense of \$95,522, all of which was recorded within governmental activities.

At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,481	\$ 4,099
Changes in assumptions	17,349	3,741
Net difference between projected and actual earnings on pension plan investments	89,793	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,068	26,397
Employer contributions subsequent to measurement date	48,423	-
	<u>\$ 178,114</u>	<u>\$ 34,237</u>

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

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

Deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year Ended:</u>	
June 30, 2024	\$ 29,501
June 30, 2025	21,881
June 30, 2026	(3,030)
June 30, 2027	47,102
	<u>\$ 95,454</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefits payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Village as of June 30, 2022, are as follows:

Total Pension Liability	\$ 1,722,384
Less: Plan Fiduciary Net Position	<u>1,219,432</u>
Total Net Pension Liability	<u>\$ 502,952</u>

The actuarial assumptions used in the June 30, 2022, valuation were based on the assumptions used in the June 30, 2022, actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability in the June 30, 2022, valuation are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

Investment Rate of Return 6.75% net of investment expense

Expected Remaining
 Service Lives 4 years

Inflation Rate 2.50%

Salary Increases, including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

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

Cost-of-Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Actuarial Methods and Assumptions (Continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14.00%	0.95%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Return		8.06%

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

Changes in Net Pension Liability

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

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

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

5. PENSION PLANS (Continued)

Municipal Police Employees' Retirement System (Continued)

Changes in Net Pension Liability (Continued)

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

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

Contributions – Proportionate Share

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

Sensitivity to Changes in Discount Rate

The following represents the net pension liability of the Village calculated using the discount rate of 6.75%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage higher 7.75% than the current rate.

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 704,037</u>	<u>\$ 502,952</u>	<u>\$ 334,980</u>

Retirement System Audit Report

The Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

Payables to the Pension Plan

At June 30, 2023, there was \$98 payable to MPERS for June 2023 employee and employer legally-required contributions.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

6. INSURANCE COVERAGE

The following is a summary of the insurance coverage maintained by the Village for the fiscal year ended June 30, 2023:

Type of Coverage	Period of Coverage	Coverage	
Commercial Property	1/1/2023 to 1/1/2024	Town Hall	\$ 835,000
		Water and Sewer	2,255,000
		Police Department	452,000
Fidelity Bond	12/30/2022 to 12/30/2023	Mayor	40,000
	12/30/2022 to 12/30/2023	Alderman & Mayor Pro Tem	40,000
	12/30/2022 to 12/30/2023	Alderwoman	40,000
	12/30/2022 to 12/30/2023	Municipal Clerk	65,000
	12/30/2022 to 12/30/2023	Utility Clerk	65,000
	12/30/2022 to 12/30/2023	Planning & Zoning Clerk	65,000
	12/30/2022 to 12/30/2023	Police Secretary	5,000
	7/1/2022 to 7/1/2023	Police Chief	5,000
Workers' Compensation	1/1/2023 to 1/1/2024	Policy Limit	Statutory
Commercial General Liability	2/1/2023 to 2/1/2024	Combined Single Limit	500,000
Law Enforcement Officer	2/1/2023 to 2/1/2024	Combined Single Limit	500,000
Errors and Omissions	2/1/2023 to 2/1/2024	Combined Single Limit	500,000
Automotive Liability	2/1/2023 to 2/1/2024	Combined Single Limit	500,000

7. UTILITY RATES

The following is a summary of the utility rates in effect for the fiscal year ended June 30, 2023:

Water - Residential	
Up to 2,000 Gallons	\$ 10.00
Over 2,000 Gallons	Additional \$3.00 per Thousand
Water - Commercial	
Up to 2,000 Gallons	\$ 20.00
Over 2,000 Gallons	Additional \$3.00 per Thousand
Sewer - Residential	
Up to 2,000 Gallons	\$ 35.00
Over 2,000 Gallons	Additional \$5.00 per Thousand

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. UTILITY RATES (Continued)

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

At June 30, 2023, the Village served the following customers:

Water	648
Sewer	310
Garbage	289
Total	1,247

8. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions and total long-term liabilities of the Village for the year ended June 30, 2023:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>	<u>Amounts Due</u> <u>Within One Year</u>
Revenue Bonds:				
Balance at July 1, 2022	\$ 299,139	\$ 1,861,476	\$ 2,160,615	
Bonds Issued	-	-	-	
Bonds Retired	(17,173)	(32,532)	(49,705)	
Balance at June 30, 2023	\$ 281,966	\$ 1,828,944	\$ 2,110,910	\$ 51,536

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

8. LONG-TERM LIABILITIES (Continued)

Revenue Bond:

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

\$ 281,966

Revenue Bond:

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

\$ 168,221

Revenue Bond:

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

\$ 1,660,723

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

	<u>Water Fund</u>		<u>Sewer Fund</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 17,988	\$ 13,024	\$ 33,548	\$ 52,768	\$ 51,536	\$ 65,792
2025	18,861	12,151	34,594	51,722	53,455	63,873
2026	19,777	11,235	35,674	50,643	55,451	61,878
2027	20,737	10,275	36,789	49,527	57,526	59,802
2028	21,744	9,268	37,942	48,374	59,686	57,642
2029-2033	125,616	29,444	208,371	223,209	333,987	252,653
2034-2038	57,243	2,821	243,483	188,097	300,726	190,918
2039-2043	-	-	257,369	147,834	257,369	147,834
2044-2048	-	-	250,618	112,862	250,618	112,862
2049-2053	-	-	287,514	75,966	287,514	75,966
2054-2058	-	-	329,843	33,637	329,843	33,637
2059-2063	-	-	73,199	1,119	73,199	1,119
Total	<u>\$ 281,966</u>	<u>\$ 88,218</u>	<u>\$ 1,828,944</u>	<u>\$ 1,035,758</u>	<u>\$ 2,110,910</u>	<u>\$ 1,123,976</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

8. LONG-TERM LIABILITIES (Continued)

The following is a summary of the changes in the Village of Folsom’s compensated absences for the year ended June 30, 2023:

	Balance				Balance	Amounts
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>One Year</u>	Due Within
Compensated absences	\$ 9,354	\$ 330	\$ (4,345)	\$ 5,339	\$ 5,339	

9. INTERFUND RECEIVABLE/PAYABLE

The primary purpose of interfund receivables/payables is to loan monies from the General Fund to individual funds to cover current expenditures. The composition of interfund balances at June 30, 2023, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		Sales Tax Fund	\$ 38,333
		Water Fund	13,277
		Sewer Fund	7,784
Water Fund		Sales Tax Fund	4,732
Sewer Fund		Sales Tax Fund	9,973
		Water Fund	1,243
Sales Tax Fund		Streets & Drainage Fund	2,000
Garbage Fund		Water Fund	2,168
			<u>\$ 79,510</u>

10. INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund to the particular funds for which the sales tax revenue is to be used. A summary of interfund transfers at June 30, 2023, is as follows:

	<u>Transfer In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Streets & Drainage Fund</u>	<u>Water Fund</u>	<u>Garbage Fund</u>	<u>Governmental Activities</u>	
Transfer Out:						
General Fund	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
Sales Tax Fund	898,739	151,480	-	-	-	1,050,219
Water Fund	-	-	-	-	3,790	3,790
Sewer Fund	2,622	-	3,787	-	7,163	13,572
Garbage Fund	-	-	2,670	-	-	2,670
	<u>\$901,361</u>	<u>\$151,480</u>	<u>\$ 6,457</u>	<u>\$ 10,000</u>	<u>\$ 10,953</u>	<u>\$1,080,251</u>

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

11. RESTRICTED ASSETS

Governmental Funds

The Village entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective April 1, 2013, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for public works that benefit the areas within a specified growth management area located in Sales Tax District No. 3. As of June 30, 2023, \$172,939 was restricted under this agreement.

Proprietary Funds

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

Revenue Bond Sinking Fund

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

Revenue Bond Reserve Fund

The Village is required to deposit monthly \$360 into the Sewer Fund and \$129 into the Water Fund until a reserve amount equal to the highest annual debt service amount (principal and interest) is obtained. The monthly reserve payment into the Sewer Fund is \$360 from July 7, 2019, through March 20, 2043, and the monthly reserve payment into the Sewer Fund is \$303 from April 20, 2043 through June 20, 2059, until \$86,316 is on deposit. These funds are restricted to be used to pay bonds in case of default. As of June 30, 2023, the requirements had been met for the Water and Sewer Funds.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the systems. Regular monthly deposits of \$57 in the Sewer Fund and \$129 into the Water Fund are to be made with the regularly designated fiscal agent of the Village. As of June 30, 2023, the requirements had been met for the Water and Sewer Funds.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

12. RISK MANAGEMENT AND CONTINGENT LIABILITIES

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the Village carried insurance through various commercial carriers to cover all risk of losses. The Village has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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

13. ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

Supplemental salary payments are made by the State of Louisiana directly to certain groups of employees. The Village is not legally responsible for these payments. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For the year ended June 30, 2023, the State paid supplemental salaries to police employees of the Village. The Village is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments. For the year ended June 30, 2023, the Village has recognized \$26,862 as a revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Franchise taxes	\$ 60,000	\$ 72,000	\$ 76,224	\$ 4,224
Other	8,000	8,000	9,526	1,526
Insurance licenses	75,000	73,500	74,904	1,404
Licenses and permits	74,000	70,000	79,647	9,647
Grant revenues	159,406	-	204,043	204,043
Other revenues	700	3,000	31,982	28,982
Fines and forfeitures	30,000	30,000	43,830	13,830
Interest income	840	13,040	20,109	7,069
Total revenues	<u>407,946</u>	<u>269,540</u>	<u>540,265</u>	<u>270,725</u>
Expenditures:				
Current:				
General government	388,850	396,350	365,922	30,428
Public safety	379,590	391,090	422,829	(31,739)
Capital outlay	184,500	416,500	447,763	(31,263)
Total expenditures	<u>952,940</u>	<u>1,203,940</u>	<u>1,236,514</u>	<u>(32,574)</u>
Deficiency of revenues under expenditures	<u>(544,994)</u>	<u>(934,400)</u>	<u>(696,249)</u>	<u>238,151</u>
Other financing sources:				
Operating transfers	<u>700,300</u>	<u>866,300</u>	<u>891,361</u>	<u>25,061</u>
Total other financing sources	<u>700,300</u>	<u>866,300</u>	<u>891,361</u>	<u>25,061</u>
Net change in fund balance	<u>\$ 155,306</u>	<u>\$ (68,100)</u>	<u>195,112</u>	<u>\$ 263,212</u>
Fund balance, beginning of year			<u>1,377,710</u>	
Fund balance, end of year			<u>\$ 1,572,822</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
General Government:				
Salaries and wages	\$ 135,000	\$ 123,000	\$ 127,587	\$ (4,587)
Overtime	500	500	202	298
Payroll tax expense	9,000	10,300	10,425	(125)
Employees pension plan	13,000	17,000	17,296	(296)
Employee benefits - hospital and life	28,000	16,000	19,097	(3,097)
Building inspection fees	8,200	9,000	9,150	(150)
Dues and subscriptions	750	750	50	700
Insurance	62,000	66,500	62,979	3,521
Professional - computer	5,000	13,000	9,735	3,265
Auditors	17,500	27,700	27,740	(40)
Legal fees	10,000	7,400	12,348	(4,948)
Accountant	30,000	30,000	30,000	-
Municode	2,000	2,000	1,333	667
Grantwriter	-	5,000	-	5,000
Office supplies	8,000	13,000	13,093	(93)
Community events	5,000	1,700	3,914	(2,214)
Payroll expenses	5,000	3,000	2,565	435
Publications	1,400	1,400	1,578	(178)
Repairs and maintenance	30,000	25,000	(6,775)	31,775
Xerox	2,400	2,400	2,359	41
Seminars / meetings	3,000	3,000	3,253	(253)
Supplies	1,000	2,700	3,214	(514)
Telephone - wireless	1,600	3,300	3,083	217
Internet	3,000	3,000	3,526	(526)
Other expenses	500	2,700	100	2,600
Utilities expense	7,000	7,000	8,070	(1,070)
Total General Government	\$ 388,850	\$ 396,350	\$ 365,922	\$ 30,428

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

(Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Public Safety:				
Salaries and wages	\$ 203,000	\$ 210,750	\$ 230,107	\$ (19,357)
Holiday double time	7,750	-	-	-
Overtime	3,000	3,000	714	2,286
Retirement expenses	48,400	48,400	48,615	(215)
Payroll taxes	8,240	8,240	8,743	(503)
Employee benefits - hospital and life	52,500	60,500	66,446	(5,946)
Contract labor	500	-	-	-
Equipment	5,700	2,200	2,284	(84)
Radio equipment	6,800	5,200	5,467	(267)
Fuel	12,000	13,200	13,274	(74)
LA law enforcement fees	1,700	1,700	2,131	(431)
DHH-TH/SCI T.F.	400	400	490	(90)
Florida Parishes Juvenile Justice	800	800	985	(185)
C.M.I.S. fees	200	200	217	(17)
Crimestoppers	400	400	394	6
Insurance - Liability and W/C	-	7,000	6,978	22
Telephone	7,000	5,800	5,767	33
Legal and professional	2,000	4,000	6,524	(2,524)
Repairs and maintenance	4,000	4,000	3,654	346
Office supplies	4,000	2,000	2,691	(691)
Supplies, equipment, and uniforms	5,500	8,300	11,958	(3,658)
Utilities	3,200	3,600	3,780	(180)
Training	2,500	1,400	1,610	(210)
Total Public Safety	<u>\$ 379,590</u>	<u>\$ 391,090</u>	<u>\$ 422,829</u>	<u>\$ (31,739)</u>

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Sales and use	\$ 1,072,000	\$ 1,199,000	\$ 1,214,041	\$ 15,041
Grant revenues	4,000	197,471	163,666	(33,805)
Other revenues	-	-	-	-
Interest income	1,100	24,100	25,362	1,262
Total revenues	<u>1,077,100</u>	<u>1,420,571</u>	<u>1,403,069</u>	<u>(17,502)</u>
Expenditures:				
Public works:				
Salaries and wages	68,500	74,500	75,211	(711)
Overtime	3,000	3,000	2,352	648
Payroll taxes	6,000	6,000	5,901	99
Employees pension plan	11,000	11,500	12,539	(1,039)
Employee benefits - hospital and life	17,000	21,200	24,519	(3,319)
Bank service charges	200	200	180	20
Office supplies	100	100	-	100
Insurance	-	1,400	1,465	(65)
Street lighting	12,000	13,900	13,837	63
Capital outlay	-	12,500	-	12,500
Total expenditures	<u>117,800</u>	<u>144,300</u>	<u>136,004</u>	<u>8,296</u>
Excess of revenues over expenditures	<u>959,300</u>	<u>1,276,271</u>	<u>1,267,065</u>	<u>(9,206)</u>
Other financing sources (uses):				
Operating transfers	<u>(837,000)</u>	<u>(1,030,000)</u>	<u>(1,050,219)</u>	<u>(20,219)</u>
Total other financing sources (uses)	<u>(837,000)</u>	<u>(1,030,000)</u>	<u>(1,050,219)</u>	<u>(20,219)</u>
Net change in fund balance	<u>\$ 122,300</u>	<u>\$ 246,271</u>	216,846	<u>\$ (29,425)</u>
Fund balance, beginning			<u>1,496,295</u>	
Fund balance, ending			<u>\$ 1,713,141</u>	

VILLAGE OF FOLSOM, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - STREETS AND DRAINAGE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

(Unaudited)

	Original Budget	Final Appropriated Budget	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Other revenues	\$ -	\$ -	\$ 4,716	\$ 4,716
Interest income	200	200	1,975	1,775
Total revenues	<u>200</u>	<u>200</u>	<u>6,691</u>	<u>6,491</u>
Expenditures:				
Public works:				
Permits	-	-	50	(50)
Office supplies	200	200	-	200
Repairs and maintenance	10,000	26,000	33,958	(7,958)
Supplies	1,000	2,800	3,575	(775)
Equipment	-	3,800	5,508	(1,708)
Capital outlay	125,000	176,300	166,250	10,050
Total expenditures	<u>136,200</u>	<u>209,100</u>	<u>209,341</u>	<u>(241)</u>
Deficiency of revenues over expenditures	<u>(136,000)</u>	<u>(208,900)</u>	<u>(202,650)</u>	<u>6,250</u>
Other financing sources (uses)				
Operating transfers	<u>130,000</u>	<u>148,800</u>	<u>151,480</u>	<u>2,680</u>
Total other financing sources (uses)	<u>130,000</u>	<u>148,800</u>	<u>151,480</u>	<u>2,680</u>
Net change in fund balance	<u>\$ (6,000)</u>	<u>\$ (60,100)</u>	(51,170)	<u>\$ 8,930</u>
Fund balance, beginning			<u>224,109</u>	
Fund balance, ending			<u>\$ 172,939</u>	

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE TEN YEARS ENDED JUNE 30, 2023

(Unaudited)

<u>Municipal Employees' Retirement System:</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Employer's proportion of net pension liability	0.288511%	0.280161%	0.223993%	0.212602%	0.239184%	0.220627%	0.231703%	0.253631%	0.273008%	0.292004%
Employer's proportionate share of net pension liability	158,525	131,535	152,236	176,227	206,951	186,613	202,697	229,847	158,156	256,375
Employer's covered payroll	186,800	188,329	156,357	156,150	177,538	163,499	177,343	196,292	200,557	234,760
Employer's proportionate share of net pension liability as a percentage of its covered payroll	85%	70%	97%	113%	117%	114%	114%	117%	79%	109%
Plan fiduciary net position as a percentage of the total pension liability	85.00%	76.94%	68.71%	63.34%	62.49%	65.60%	66.14%	66.26%	79.14%	69.56%
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<u>Municipal Police Employees' Retirement System:</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Employer's proportion of net pension liability	0.036226%	0.037933%	0.037681%	0.048439%	0.050092%	0.045075%	0.047172%	0.050959%	0.053842%	0.049204%
Employer's proportionate share of net pension liability	289,389	237,312	295,151	454,010	437,326	381,067	428,398	470,975	287,007	502,952
Employer's covered payroll	107,589	98,318	99,905	135,416	142,898	133,021	147,203	160,199	164,263	151,898
Employer's proportionate share of net pension liability as a percentage of its covered payroll	269%	241%	295%	335%	306%	286%	291%	294%	175%	331%
Plan fiduciary net position as a percentage of the total pension liability	66.71%	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%	70.94%	84.09%	70.80%
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022

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

See accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
FOR THE TEN YEARS ENDED JUNE 30, 2023
(Unaudited)

Municipal Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 16,479	\$ 16,479	\$ -	\$ 188,329	8.75%
2015	14,894	14,894	-	156,357	9.53%
2016	14,834	14,834	-	156,150	9.50%
2017	19,515	19,515	-	177,538	11.00%
2018	21,664	21,664	-	163,499	13.25%
2019	24,828	24,828	-	177,343	14.00%
2020	27,518	27,481	37	196,292	14.00%
2021	31,086	31,086	-	200,557	15.50%
2022	36,388	36,388	-	234,760	15.50%
2023	39,768	39,768	-	256,567	15.50%

Municipal Police Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 30,479	\$ 30,933	\$ (454)	\$ 98,318	31.46%
2015	30,921	30,948	(27)	99,905	30.98%
2016	39,948	39,948	-	135,416	29.50%
2017	45,370	45,370	-	142,898	31.75%
2018	40,904	40,904	-	133,021	30.75%
2019	47,473	47,473	-	147,203	32.25%
2020	52,065	52,065	-	160,199	32.50%
2021	55,439	55,439	-	164,263	33.75%
2022	45,190	45,190	-	151,898	29.75%
2023	48,423	48,423	-	154,953	31.25%

See accompanying notes to required supplementary information.

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2023
(Unaudited)

Municipal Employees' Retirement System:

Changes in Benefit Terms:

Measurement Date – June 30, 2014 – None

Measurement Date – June 30, 2015 – None

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017 – None

Measurement Date – June 30, 2018 – None

Measurement Date – June 30, 2019 – None

Measurement Date – June 30, 2020 – None

Measurement Date – June 30, 2021 – None

Measurement Date – June 30, 2022 – None

Changes in Assumptions:

Measurement Date – June 30, 2014 – None

Measurement Date – June 30, 2015:

1. Amounts reported in the actuary valuation dated June 30, 2015, for MERS reflect an adjustment in the discount rate, the inflation rate, projected salary increases, and the mortality rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.75% to 7.50% in 2015. The inflation rate for MERS was lowered from 3.000% to 2.875% in 2015. The projected salary increase assumption was lowered from 5.75% to 5.00% in 2015. The mortality rate assumption was changed from set based upon aggregated data collected for the period July 1, 2006 to June 30 2010, to set based upon aggregated data collected for the period July 1, 2009 to June 30, 2014, for the year ended June 30, 2014.

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017:

1. Amounts reported in the actuary valuation dated June 30, 2017, for MERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.50% to 7.40% in 2017. The inflation rate included in salary increases was lowered from 2.875% to 2.775% in 2017.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
 EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2023
 (Unaudited)

Municipal Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2018:

1. Amounts reported in the actuary valuation dated June 30, 2018, for MERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate for MERS was lowered from 7.400% to 7.275% in 2018. The inflation rate included in salary increases was lowered from 2.775% to 2.600%. Expected remaining services lives was lowered from 4 years for Plan B to 3 years.

Measurement Date – June 30, 2019:

1. Amounts reported in the actuary valuation dated June 30, 2019, for MERS reflect an adjustment in the discount rate, the inflation rate, projected salary increases, and the mortality rate assumptions used to measure the total pension liability. The discount rate for MERS was lowered from 7.275% to 7.000% in 2019. The inflation rate for MERS was lowered from 2.60% to 2.50% in 2019. The projected salary increase assumption was increased from 5.00% to 7.40% for participants with 1 to 4 years of service and lowered from 5.00% to 4.90% for participants with more than 4 years of service in 2019. The mortality rate assumptions were updated in 2019 and are detailed in the below table.

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

Measurement Date – June 30, 2020:

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

VILLAGE OF FOLSOM, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2023
(Unaudited)

Municipal Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2021:

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

Measurement Date – June 30, 2022 – None

Municipal Police Employees' Retirement System:

Changes in Benefit Terms:

Measurement Date – June 30, 2014:

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

Measurement Date – June 30, 2015 – None

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017 – None

Measurement Date – June 30, 2018 – None

Measurement Date – June 30, 2019 – None

Measurement Date – June 30, 2020 – None

Measurement Date – June 30, 2021 – None

Measurement Date – June 30, 2022 – None

Changes in Assumptions:

Measurement Date – June 30, 2014:

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

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
 EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2023
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2015:

1. Amounts reported in the actuary valuation dated June 30, 2015, for MPERS reflect an adjustment in the discount rate, the inflation rate, the mortality rate, and projected salary increases used to measure the total pension liability. The discount rate was lowered from 7.75% to 7.50% in 2015. The inflation rate was lowered from 3.000% to 2.875% in 2015. The mortality rate assumption was changed from set based upon the results of an actuarial study for the period July 1, 2003 to June 30, 2008, to set based upon the results of an actuarial study for the period July 1, 2010 to June 30, 2014, for the year ended June 30, 2014. Projected salary changes were as follows:

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

Measurement Date – June 30, 2016 – None

Measurement Date – June 30, 2017:

1. Amounts reported in the actuary valuation dated June 30, 2017, for MPERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate for MPERS was lowered from 7.500% to 7.325% in 2017. The inflation rate included in salary increases was lowered from 2.875% to 2.700% in 2017.

Measurement Date – June 30, 2018:

1. Amounts reported in the actuary valuation dated June 30, 2018, for MPERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate was lowered from 7.325% to 7.200% in 2018. The inflation rate included in salary increases was lowered from 2.7% to 2.6% in 2018.

Measurement Date – June 30, 2019

1. Amounts reported in the actuary valuation dated June 30, 2019, for MPERS reflect an adjustment in the discount rate and the inflation rate used to measure the total pension liability. The discount rate was lowered from 7.200% to 7.125% in 2019. The inflation rate included in salary increases was lowered from 2.6% to 2.5% in 2019.

VILLAGE OF FOLSOM, LOUISIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY & SCHEDULE OF
 EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLANS
JUNE 30, 2023
 (Unaudited)

Municipal Police Employees' Retirement System: (Continued)

Changes in Assumptions: (Continued)

Measurement Date – June 30, 2020:

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

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

Measurement Date – June 30, 2021:

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

Measurement Date – June 30, 2022 – None

VILLAGE OF FOLSOM, LOUISIANA
 SCHEDULE OF COMPENSATION PAID TO GOVERNING BOARD
FOR THE YEAR ENDED JUNE 30, 2023

Governing Boardmember	Compensation
Lance Willie Mayor 116 Keeneland Place #20 Folsom, LA 70437	\$ 11,400
Jill Mathies Alderwoman 396 Village Farms Lane Folsom, LA 70437	8,000
George Garrett Alderman 419 Village Farms Lane Folsom, LA 70437	8,200
Shawn Dillon Alderman 82414 Austin Street Folsom, LA 70437	<u>8,200</u>
Total	<u><u>\$ 35,800</u></u>

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, OR OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2023

Agency Head Name: Mayor Lance Willie – July 01, 2022 to June 30, 2023

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 11,400
Reimbursements	25
Travel	-
	<u>\$ 11,425</u>

VILLAGE OF FOLSOM, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2023

	First Six Month Period Ended <u>12/31/2022</u>	Second Six Month Period Ended <u>06/30/2023</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected	\$ 240	\$ 296
Add: Collections		
Criminal Court Costs/Fees	<u>18,427</u>	<u>25,252</u>
Subtotal Collections	<u>18,427</u>	<u>25,252</u>
Less: Disbursements To Governments & Nonprofits:		
Crimestoppers, Inc. - Court Costs / Fees	180	210
Florida Parishes Juvenile Justice Commission Juvenile Detention Center Operations Fund - Court Costs / Fees	450	525
Louisiana Commission on Law Enforcement Crime Victims Reparations Fund - Court Costs / Fees	555	788
Louisiana Commission on Law Enforcement POST Law Enforcement Training and Assistance Fund - Court Costs / Fees	149	206
Louisiana Department of Health and Hospitals Traumatic Head and Spinal Injury Trust Fund - Court Costs / Fees	185	265
Louisiana Supreme Court Louisiana Judicial College Collections - Court Costs / Fees	53	53
State of Louisiana Treasurer - Trial Court Management Information System - Court Costs / Fees	90	105
Less: Amounts Retained by Collecting Agency		
Self-Disbursed to Village of Folsom - Court Costs / Fees	<u>16,709</u>	<u>22,932</u>
Subtotal Disbursements/Retainage	<u>18,371</u>	<u>25,084</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 296</u>	<u>\$ 464</u>



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

January 3, 2024

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana (the Village), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated January 3, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as 2023-02.

Village of Folsom, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



New Orleans, Louisiana

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDITOR’S RESULTS:

1. Type of Report Issued – Unmodified
2. Internal Control Over Financial Reporting
 - a. Material Weaknesses – No
 - b. Significant Deficiencies – Yes (2023-01)
3. Noncompliance Material to the Financial Statements – No
4. Noncompliance with Laws and Regulations – Yes (2023-02)
5. Management Letter Issued – No

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

Finding 2023-01:

Criteria:

Monthly account statements detailing all transaction activity should be obtained from vendors where the Village of Folsom, Louisiana, has an open account. The statements should be reviewed and approved in writing by someone other than the individuals making the purchases. The monthly statements should be paid in a timely manner. The transaction activity on the account should be supported by original receipts identifying precisely what was purchased and include documentation of the business/public purpose.

Condition and Cause:

During the testing of repairs and maintenance expenditures recorded in the Streets and Drainage Fund during the audit, it was discovered that there was a payment made in January 2023 to a local hardware store for invoices dating from April 2021 through December 2022. The Village of Folsom, Louisiana did not receive those invoices until they were delivered to the Village in the current fiscal year. As the Village had never received account statements or invoices from the hardware store, the purchases on account were never paid for by the Village.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2023

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

Finding 2023-01: (Continued)

Effect:

Purchases on the Village of Folsom account at the hardware store continued throughout the period April 2021 through December 2022, with no payments being made on the account. Account statements were not received from hardware store, resulting in the Village's account balance increasing during the respective time period. This resulted in the Village having to pay a balance of \$2,413.25 in the current year for approximately 140 different purchases on the account that had occurred from April 2021 through December 2022. Without a documented review and approval process, unauthorized payments on account could occur.

Recommendation:

We recommend that management of the Village of Folsom require all employees making purchases on the account submit receipts for all purchases made on the account. The receipts should document the business/public purpose of the transaction and the receipts should also be agreed to a monthly account statement to verify the legitimacy of the transactions. If a monthly statement cannot be provided by the vendor for which to agree all payments, the Village of Folsom should make regular payments on its account based upon the receipts turned in by Village of Folsom employees. We also recommend that the statements be reviewed and approved in writing by someone other than the individuals making the purchases.

Management Response:

Upon receipt of the invoices, the Mayor and the members of the Board of Aldermen were notified and reviewed the invoices with Village of Folsom department heads to verify the purchases on the account were legitimate and for Village of Folsom business purposes. It was determined that all of the purchases were legitimate purchases made by Village of Folsom employees.

The Village of Folsom implemented a policy where all employees making purchases on the account must bring a copy of a receipt to the Village of Folsom Municipal Clerk and the employee must sign for the purchase. If the Municipal Clerk does not receive a receipt from an employee, no payments will be made on the account.

The Village of Folsom will no longer do business with the vendor as of December 30, 2023.

VILLAGE OF FOLSOM, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED JUNE 30, 2023

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

Finding 2023-02:

Criteria:

Per the Louisiana Local Government Budget Act, the budget must include a budget message that is signed by the budget preparer and that contains: (1) a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and (2) discussion of the most important features. Also, per the Louisiana Local Government Budget Act, a political subdivision shall publish a notice in the official journal that certifies that all required action has taken place. This “certification notice” must be completed in the same manner that is required for notice related to the proposed budget and public hearing. Certification may not occur until after completion of the budgeting process.

Condition and Cause:

During our audit, we noted that the Village of Folsom did not include a budget message in its budget. We also noted that the Village did not publish a notice that its 2022-2023 budget was certified as complete of public participation requirements.

Effect:

The Village of Folsom did not include a budget message as required by the Louisiana Local Government Budget Act and the Village of Folsom did not publish a certification notice as required by the Louisiana Local Government Budget Act.

Recommendation:

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

Management Response:

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

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2023

Finding 2022-01:

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

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

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

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

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

Status: Resolved

Finding 2022-02:

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

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

VILLAGE OF FOLSOM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED JUNE 30, 2023

Finding 2022-02: (Continued)

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

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

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

Status: Resolved

VILLAGE OF FOLSOM, LOUISIANA

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JULY 01, 2022
THROUGH JUNE 30, 2023

VILLAGE OF FOLSOM, LOUISIANA

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THROUGH JUNE 30, 2023

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL YEAR JULY 01, 2022
THROUGH JUNE 30, 2023

January 3, 2024

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 01, 2022 through June 30, 2023. The Village of Folsom, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Village of Folsom, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year July 01, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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1) *Written Policies and Procedures*

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

January 3, 2024

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

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

- The Receipts/Collections policies and procedures did not address all types of receipts/collections. The policies and procedures provided addressed only those receipts/collections related to utility (water/sewer/garbage) payments received.
- The Ethics policies and procedures did not address the following:
 - Actions to be taken if an ethics violation takes place
 - System to monitor possible ethics violations
 - A requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy
- The Prevention of Sexual Harassment policies and procedures did not address annual reporting.

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

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

2) *Board or Finance Committee*

- A. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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

- The minutes of the meetings of the Board of Aldermen did not document if the Board received written updates on the progress of resolving audit finding(s), according to management's corrective action plan until the findings are considered fully resolved. There were two audit findings noted in the FYE June 30, 2022, audit report relating to the adoption of the next year's annual budget prior to the end of the fiscal year and not amending budgets in which actual expenditures and other uses exceeded budgeted expenditures and other uses by more than five percent (5%).

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

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

3) *Bank Reconciliations*

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

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

- 5 of the 5 bank reconciliations selected for testing did not include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. While the bank reconciliations did not include written evidence of review and approval, it is noted that the bank reconciliations were provided to the Mayor and the Board of Aldermen in a financial package prior to a monthly Board of Aldermen meeting. The financial package, including the bank reconciliations, were approved at Board of Aldermen meeting.
- On 1 of the 5 bank reconciliations selected for testing, there was 1 reconciling item noted that had been outstanding for more than 12 months from the statement closing date. Management did not have documentation reflecting that it has researched the reconciling item. The reconciling item was an uncleared check/payment totaling \$2,000, that had been outstanding for 21 months from the statement closing date.

Recommendations: We recommend that, in addition to the approval of the financial package at the Board of Aldermen meeting, the bank reconciliations be signed and initialed as an indication of review and approval. We also recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original

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transaction be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month-to-month.

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

4) *Collections (excluding electronic funds transfers)*

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

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

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

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

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

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

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

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- The bond or insurance policy in place did not cover all employees who have access to cash during this fiscal period tested. The bond or insurance policy in place did not reflect a change in the status of a bonded employment position until the policy was renewed. An employee covered by the bond or insurance policy resigned and was replaced by a new employee in April 2023. The employee change was not reflected in the bond or insurance policy until October 2023.

Recommendations: We recommend that, whenever there is a change in employment, the Village of Folsom, Louisiana review its bond or insurance policy to ensure that it is updated accordingly.

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

- D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- Observe that receipts are sequentially pre-numbered.
 - Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - Trace the actual deposit per the bank statement to the general ledger.

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

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

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

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

- B. **Procedure:** For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- C. **Procedure:** For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

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

- D. **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a)

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approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

- The Village of Folsom, Louisiana's monthly electric bills are paid via automatic ACH withdrawal from the Village's bank account. It was noted that there was no documentation maintained to reflect the review and approval of when the Village signed up for monthly automatic payments.

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

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

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

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

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

- B. **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- 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
 - Observe that finance charges and late fees were not assessed on the selected statements.

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

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

Recommendations: We recommend that when checks are signed for payment, that the check signers also initial and date the credit card statements to indicate that the credit card statements have been reviewed and approved.

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

- C. **Procedure:** Using the monthly statements or combined statements selected under procedure #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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

- 1 of the 18 transactions selected for testing was not supported by an original itemized receipt that identifies precisely what was purchased.
- 18 of the 18 transactions selected were not supported by written documentation of the business/public purpose.

Recommendations: We recommend that original itemized receipts identifying precisely what was purchased be attached to each monthly credit card statement. We also recommend that the business/public purpose of each transaction be documented on the credit card statement or on the original itemized receipt.

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

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

- A. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

- On 4 of the 5 reimbursements selected for testing, mileage was reimbursed at incorrect rates. The Village of Folsom, Louisiana uses the IRS standard mileage rates when reimbursing employees for mileage. The IRS standard mileage rate for the period July 1, 2022 to December 31, 2022 was \$0.625 and the IRS standard mileage rate for the period January 1, 2023 to June 30, 2023 was \$0.655. 3 of the 4 mileage reimbursements were made using a rate of \$0.58 and 1 of the 4 mileage reimbursements was made using a rate of \$0.56.
- 1 of the 5 reimbursements selected for testing included meal reimbursements in which the business/public purpose was not documented nor were the names of the individuals participating in the meal documented.
- On 4 of the 5 reimbursements selected for testing, there was no evidence that the reimbursement was reviewed and approved, in writing, by someone other than the person receiving the disbursement. While there was no evidence of written review and approval on the expense reimbursement, it is noted that payments issued for the reimbursements were signed by both the Mayor and a member of the Board of Aldermen.

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Recommendations: We recommend that the Village of Folsom, Louisiana review the IRS website on a semi-annual basis to ensure that the correct mileage rates for reimbursements are being used. We recommend that for all meal reimbursements, the Village of Folsom, Louisiana document on the meal receipt those individuals that participated and the purpose of the meal. We also recommend that when reimbursement checks are signed for payment, that the check signers also initial and date the expense reimbursement form to indicate review and approval.

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

8) *Contracts*

- A. **Procedure:** 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. *Alternatively, 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:
- 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;
 - 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);
 - 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
 - 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.

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

9) *Payroll and Personnel*

- A. **Procedure:** 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.

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

- B. **Procedure:** 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);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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

- Two of the employees selected for testing in the applicable pay period had their attendance and leave summarized on a Payroll Hours summary worksheet from employee timesheets. The Payroll Hours summary is where employee attendance and leave are to be reviewed and authorized. It was noted that for two of the employees selected for testing, the attendance and leave per the Payroll Hours summary worksheet did not agree to the Payroll Register for the pay period, but the attendance and leave were in agreement with the individual employee timesheets. It was also noted that the Payroll Hours summary worksheet did not have evidence of a signature to indicate review and approval of time for the pay period.
- One of the employees selected for testing in the applicable pay period had a "Request for Time Off" that was not evidenced with an approval signature from a supervisor. The "Request for Time Off" had a stamp to indicate that the request was "entered", but there was no supervisor signature noted.

Recommendations: We recommend that the Payroll Hours summary be reviewed for accuracy each pay period prior to payroll processing and we recommend that the Payroll Hours summary be signed and dated to indicate that such approval occurred. We also recommend that all "Requests for Time Off" be reviewed to verify that applicable supervisory approval is documented on the request.

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

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- C. **Procedure**: 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 and 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.

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

- D. **Procedure**: 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.

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

10) *Ethics*

- A. **Procedure**: 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 that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable

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

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

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

11) *Debt Service*

- A. **Procedure**: Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the

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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.

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

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

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

12) Fraud Notice

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

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

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

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

13) Information Technology Disaster Recovery/Business Continuity

- A. **Procedure:** 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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence 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.

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- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- 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.

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

- B. **Procedure:** 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.

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

14) Prevention of Sexual Harassment

- A. **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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 as required by R.S. 42:343.

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

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

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

- C. **Procedure:** 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:

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

January 3, 2024

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

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

We were engaged by the Village of Folsom, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants 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 Folsom, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

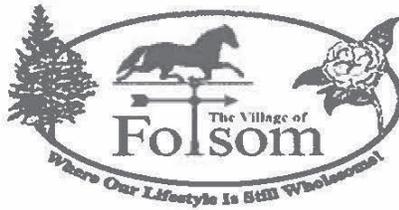

New Orleans, Louisiana

APPENDIX A

MANAGEMENT'S RESPONSE

Village of Folsom

Mayor– Lance Willie



Alderwoman – Jill Mathies

Alderman – George Garrett

Alderman – Shawn Dillon

Margra Steele - Municipal Clerk

Shilo Bruhl - Chief of Police

Village Attorney – Roy Burns

January 3, 2024

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

This letter is in response to the findings noted for the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures performed for the period July 1, 2022 through June 30, 2023. As Mayor of the Village of Folsom, listed below are the changes that will be implemented to address all findings:

1) Written Policies and Procedures

1. Procedure A(iv) – Receipts/Collections

I have reviewed the finding regarding written policies and procedures for all areas. Written policies will be implemented to address our collection process. We will review all of our written policies and procedures on an annual basis to ensure that policies and procedures are up to date and include all applicable requirements.

2. Procedure A(ix) – Ethics

The Village has implemented our Ethic’s policy and will add the following to our current policy:

Actions taken if an ethics violation takes place.

System to monitor possible ethics violation.

Documentation that demonstrates that all employees and officials were notified of any changes to the entity’s ethics policy.

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

The Village has implemented our Sexual Harassment policy; however, we will amend that policy to add a requirement for annual reporting

2) Board or Finance Committee

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

The Village of Folsom Board of Alderman will discuss audit findings in our General Meeting each year and that discussion will be noted in minutes from the meetings.

3) Bank Reconciliations

1. Procedure A(ii) – Written Review of Bank Reconciliation

Bank Reconciliations are sent via email each month to all Board members for review prior to our General meeting, which are included in our financial statements each month.

To correct the finding Bank Reconciliations will be added to the agenda each month and will be signed by the Mayor or an Alderman.

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

The Village will implement a policy which address all outstanding items.

4) Collections (excluding electronic funds transfers)

1. Procedure C – Bond or Insurance Policy

When the Village has a change in employment, we will ensure that our bond and insurance is updates accordingly.

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

1. Procedure D – Electronic Disbursements

The Village of Folsom monthly electric bills has been paid by ACH for over 15 years, documentation from that time frame authorizing ACH payments were not available.

For future automatic payments of recurring expenses that will be paid, the Village will keep a copy of the signed authorization form.

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

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

The Village will implement a policy that check signers will also initial and date the credit card statements to indicate that the credit card statements have been approved and reviewed.

2. Procedure C(1) – Original Itemized Receipts

The Village will make copies of original receipts to ensure they are attached to all purchases and have a clear copy of all items purchased.

3. Procedure C(2) – Documentation of Business/Public Purpose

The Village will ensure that the business/public purpose of each transaction will be documented on the credit card statement or on the original itemized receipt.

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

1. Procedure A(ii) – Mileage Reimbursement Rate

The Village will review the IRS website on a semiannual basis to ensure that the correct mileage rates for reimbursement are being used.

2. Procedure A(iii) – Individuals Participating in Meals

All employees, which submit meal reimbursement must submit the purpose of the meal.

3. Procedure A(iv) – Written Review of Reimbursement

Check signers will also initial and date the expense reimbursement form to indicate review and approval.

9) Payroll and Personnel

1. Procedure B(ii) – Written Review of Attendance and Leave

The Village will ensure that the payroll summary will be reviewed for accuracy each pay period prior to payroll processing by signing and dating each payroll. Request for Time off will be reviewed to verify the applicable supervisory approval is documented

Signed:



Lance Willie
Honorable Mayor
Village of Folsom, Louisiana