
VILLAGE OF FRENCH SETTLEMENT

REVIEW REPORT

DECEMBER 31, 2021

VILLAGE OF FRENCH SETTLEMENT

REVIEW REPORT

DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Honorable Mayor, Haley Unbehagen and Board of Aldermen
Village of French Settlement, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of the Village of French Settlement, Louisiana, as of and for the year then ended, December 31, 2021, and the related notes to the financial statement, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require us to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of the proportionate share of the net pension liability, and schedule of system contributions on pages 3 through 8 and 30, 31, and 32, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Other Supplementary Information

The accompanying supplementary schedules of compensation, benefits, and other payments to agency head included on page 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, do not express an opinion on such information.

The accompanying justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the reporting framework prescribed by Louisiana Revised Statute 24:515.2 and the Louisiana Legislative Auditor. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Dier, Douglas & Ruiz

June 29, 2022
Gonzales, Louisiana

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

This section of the Village's annual financial report presents our discussion and analysis of the Village's financial performance during the year ended on December 31, 2021. This MD&A should be read in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Village's net position totaling \$768,754 increased by 7.6% over the course of the year's operations compared to prior year.
- During the year, the Village's governmental activities expenses were \$54,134 less than the \$451,486 generated in charges for services, and other revenue.
- The Village's general fund reported fund balance of \$388,715, which is an increase of \$50,610 at December 31, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Figure A-1

	<u>Government-wide Statements</u>	<u>Fund Statements Governmental Funds</u>
Scope	Entire Village Government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as public safety
Required financial statements	<ul style="list-style-type: none">• Statement of net position• Statement of activities	<ul style="list-style-type: none">• Balance Sheet• Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The Village has one kind of fund:

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

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position. The Village's net position was \$768,754 at the end of the year. (See Table A-1.)

	Table A-1	
	Governmental Activities	
	2021	2020
Current and other assets	\$521,129	\$345,592
Land	133,511	133,511
Other capital assets, net	371,896	395,663
Total assets	1,026,536	874,766
Deferred outflows of resources	53,345	93,608
Total assets and deferred outflows of resources	1,079,881	968,374
Current liabilities	132,414	7,487
Long term liabilities	88,503	184,865
Total liabilities	220,917	192,352
Deferred inflows of resources	90,210	61,402
Total liabilities and deferred inflows of resources	311,127	253,754
Net position		
Net investment in capital assets	505,407	529,174
Unrestricted	263,347	185,446
Total net position	\$ 768,754	\$ 714,620

Net position of the Village's governmental activities increased by \$54,134 or by 7.6% from prior year.

Net investment in capital assets accounts for 65.7% of total net position reported as of December 31, 2021 and 74.0% of total net position reported as of December 31, 2020.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Governmental Activities

Revenues for the Village's governmental activities were \$54,134 more than total expenses for year end.

	Table A-2	
	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 336,756	\$ 319,637
Grants	2,947	-
General revenues		
Intergovernmental	3,800	1,250
Miscellaneous	107,874	9,199
Interest	109	1,187
Total revenues	451,486	331,273
Expenses		
General government	175,805	115,865
Public safety	221,547	266,420
Total expenses	397,352	382,285
Change in net position	\$ 54,134	\$ (51,012)

Change in net position. The Village's total revenues increased during 2021 to \$451,486 representing an increase of 36.3% from 2020. (See Table A-2.) Approximately 74.6% of the Village's revenue comes from fines, fees, and charges for services. The rest is intergovernmental, interest and miscellaneous income. During the year, the Village received \$71,490 of insurance proceeds for damages to the museum.

The total cost of all programs and services were \$397,352. Costs increased by \$15,067 or 3.9% compared to prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a fund balance of \$388,715 which is an increase of \$50,610 from prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the budget was amended to increase revenues and expenditures by \$158,905 and \$162,291; respectively.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

CAPITAL ASSETS

At the end of 2021, the Village had net investment in capital assets totaling \$505,407. (See Table A-3)

	Table A-3
	Governmental
	Activities
	<hr/>
Land	\$ 133,511
Buildings and improvements	271,374
Equipment	69,474
Vehicles	31,048
Total	<hr/> \$ 505,407 <hr/>

Current year additions include donated playground equipment with an estimated value of \$31,667. Other additions consists of office equipment.

LONG-TERM LIABILITIES

At December 31, 2021, the Village had the following long-term liabilities outstanding at year end.

Net pension liability	<u>\$ 88,503</u>
Total	<u><u>\$ 88,503</u></u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on speeding fines, non-moving violations, and other moving violations for 33%, 9.7%, and 5.2%; respectively. Franchise fees and licenses account for 22% and 4.4% of its revenues, and the remaining 9.9% is from interest, miscellaneous and intergovernmental. Other financing sources make up 15.8%. The economy is not expected to generate any significant growth. Therefore, the Village's future revenues and expenditures are expected to be consistent with the current years.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF NET POSITION

DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and cash equivalents	\$ 495,777
Receivables	25,352
Capital assets	
Land	133,511
Other capital assets, net of depreciation	371,896
TOTAL ASSETS	<u>1,026,536</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, pension related	53,345
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>53,345</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,079,881</u></u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

Accounts payable	\$ 4,834
Accrued expenses	16,811
Unearned revenue	110,769
Long term liabilities	
Net pension liability	88,503
TOTAL LIABILITIES	<u>220,917</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows, pension related	90,210
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>90,210</u>

NET POSITION

Net investment in capital assets	505,407
Unrestricted	263,347
TOTAL NET POSITION	<u>768,754</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 1,079,881</u></u>
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See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

FUNCTION/PROGRAM	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Grants	
Governmental activities:				
General government	175,437	\$ 119,723	\$ 786	\$ (54,928)
Public safety	221,915	217,033	2,161	(2,721)
Total governmental activities	\$ 397,352	\$ 336,756	\$ 2,947	(57,649)
General Revenues:				
				3,800
				107,874
				109
				111,783
				54,134
				714,620
				\$ 768,754

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2021

ASSETS

Cash and cash equivalents	\$ 495,777
Receivables	25,352
Total assets	<u>\$ 521,129</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 4,834
Accrued expenses	16,811
Unearned revenue	110,769
Total liabilities	<u>132,414</u>
Fund balance	
Unassigned	<u>388,715</u>
Total fund balance	<u>388,715</u>
Total liabilities and fund balance	<u>\$ 521,129</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balance- Governmental Fund \$ 388,715

Amounts reported for governmental activities in the statement of net position
are different because:

Deferred outflow, pension related 53,345

Capital assets used in governmental activities are not current financial resources and,
therefore, are not reported in the governmental fund:

Cost of capital assets at December 31, 2021	1,043,636	
Less: accumulated depreciation as of December 31, 2021	<u>(538,229)</u>	505,407

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

Net pension liability	(88,503)
Deferred inflows, pension related	<u>(90,210)</u>

Total net position at December 31, 2021 - Governmental Activities \$ 768,754

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021

REVENUES

Fines- speeding	\$ 149,763
Non-moving violations	43,628
Other moving violations	23,642
Franchise fees	99,079
French Settlement Police Department	3,800
Grants	2,947
Occupational licenses	20,010
Beer tax	634
Miscellaneous	4,717
Interest	109
Total Revenues	<u>348,329</u>

EXPENDITURES

General government	149,561
Public safety	216,793
Capital outlay	2,855
Total Expenditures	<u>369,209</u>

Excess of Expenditures over Revenues	<u>(20,880)</u>
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OTHER FINANCING SOURCES

Insurance proceeds	71,490
Total Other Financing Sources	<u>71,490</u>

Net change in fund balance	50,610
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Fund Balance, January 1, 2021	<u>338,105</u>
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Fund Balance, December 31, 2021	<u><u>\$ 388,715</u></u>
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See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT

**RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2021**

Net change in fund balance - Governmental fund \$ 50,610

The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital Assets:

Capital outlay capitalized	2,855	
Donated assets	31,667	
Depreciation expense for the year ended December 31, 2019	<u>(58,289)</u>	(23,767)

Non-employer contributions to cost-sharing pension plan	3,710	
Pension benefit	<u>23,581</u>	

Change in Net Position - Governmental Activities \$ 54,134

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Reporting Entity

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements

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

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

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

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

The Village reports the following major governmental fund:

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

E. Budgetary Policy and Accounting

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

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

F. Capital Assets

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets (continued)

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

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

G. Accounts receivables

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

H. Use of Estimates

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

I. Cash and Cash Equivalents

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

J. Compensated Absences

The Village does not have a policy relating to vacation and sick leave. Due to this, no liability has been reflected in these financial statements as of December 31, 2021.

K. Pension Plans

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Government Wide Net Position

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

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

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

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

M. Fund Equity of Fund Financial Statements

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

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

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

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

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Deferred Outflows/Inflows of Resources

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

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

2. CASH AND CASH EQUIVALENTS

At December 31 2021, the Village's cash and cash equivalents (book balance) consisted of the following:

	<u>Governmental Funds</u>
Demand Deposits	\$ 344,346
Funds held in LAMP	<u>151,431</u>
Total cash and cash equivalents	<u>\$ 495,777</u>

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2021, the Village's bank balance of \$384,365 was not exposed to custodial credit risk.

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

At December 31, 2021, the Village had \$151,431 in investments in the Louisiana Asset Management Pool, Inc., (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, the investment of LAMP at December 31, 2021, is not categorized in the three categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assts. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like 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 60 days, and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable to 2a7-like pools

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

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

3. RECEIVABLES

The receivables at December 31, 2021 are as follows:

Class of Receivables

Franchise payments	\$17,209
Other	8,143
Total	<u>\$25,352</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, are as follows:

	Land	Building and improvements	Equipment	Vehicles	Total
Cost of Capital Assets, December 31, 2020	\$ 133,511	\$ 579,438	\$ 146,031	\$150,134	\$1,009,114
Additions	-	-	34,522	-	34,522
Deletions	-	-	-	-	-
Cost of Capital Assets, December 31, 2021	133,511	579,438	180,553	150,134	1,043,636
Accumulated depreciation, December 31, 2020	-	281,767	95,902	102,271	479,940
Additions	-	26,297	15,177	16,815	58,289
Deletions	-	-	-	-	-
Accumulated depreciation, December 31, 2021	-	308,064	111,079	119,086	538,229
Capital assets, net of accumulated depreciation at December 31, 2021	<u>\$ 133,511</u>	<u>\$ 271,374</u>	<u>\$ 69,474</u>	<u>\$ 31,048</u>	<u>\$ 505,407</u>

For the year ended December 31, 2021, depreciation expense was \$58,289. Depreciation expense was allocated to General government and public safety in the amounts of \$25,876 and \$32,413; respectively.

5. PENSION AND RETIREMENT PLAN

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

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

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. 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.

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

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

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

Funding Policy

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. **PENSION AND RETIREMENT PLAN (continued)**

Contributions to the plan are required and determined by State law and are expressed as a percentage of covered payroll. The contribution rates in effect for the Village and covered employees were as follows:

	<u>Village</u>	<u>Employees</u>
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	33.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	36.25%	7.50%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
MPERS	\$ 23,723	\$ 17,634	\$ 13,158

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$3,710 were recognized during the year ended June 30, 2021 net of pension expense.

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2021 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of December 31, 2021, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30,</u>	<u>Rate at June 30,</u>	<u>Increase (Decrease) on Rate</u>
2021	\$ 88,503	0.0166%	(0.0034%)
2020	\$ 184,865	0.0200%	(0.0053%)
2019	\$ 230,021	0.0253%	0.0101%
2018	\$ 85,699	0.0101%	(0.0086%)
2017	\$ 163,573	0.0187%	(0.0055%)
2016	\$ 227,347	0.0243%	0.0111%

The pension plan's recognized pension benefit of the Village for the year ended December was \$23,581.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. **PENSION AND RETIREMENT PLAN** (continued)

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>2021</u>	<u>2021</u>
Differences between expected and actual experience	\$ -	\$ (2,726)
Changes in assumptions	9,801	(2,525)
Net difference between projected and actual earnings on pension plan investments	-	(41,324)
Changes in proportion and differences in employer contributions and proportionate share of contributions	29,966	(43,635)
Employer contributions subsequent to the measurement date	13,578	-
	<u>\$ 53,345</u>	<u>\$ (90,210)</u>

The Village reported a total of \$13,578 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2021. The pension contributions made subsequent to the measurement period was \$13,578.

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

Year	
2022	\$ 5,054
2023	(26,144)
2024	(15,115)
2025	(14,238)
	<u>\$ (50,443)</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. **PENSION AND RETIREMENT PLAN** (continued)

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial finding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through 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 for each pension plan as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021	
Actuarial Cost Method	Entry Age Normal Cost	
Expected Remaining Service Lives	2021 - 4 years	
Investment Rate of Return	6.750% net of investment expense	
Inflation Rate	2.50%	
Mortality	The Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees, Safety Disabled Retirees and Safety Below-Median Employees multiplied by 115% for males and 125% for females, 105% for males and 115% for females, and 115% for males and 125% for females; respectively, each with full generational projection using the MP2019 scale.	
Salary Increases	Years of Salary	Service Growth Rate
	1 - 2	12.30%
	Above 2	4.70%
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.	

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. **PENSION AND RETIREMENT PLAN** (continued)

Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included the System's target allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
	MPERS	Real Rate of Return MPERS
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternatives	14.00%	1.01%
Other	0.00%	0.00%
Total	<u>100.00%</u>	<u>5.08%</u>
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Return		<u>7.30%</u>

Discount Rate

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

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

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

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease 5.750%</u>	<u>Current Discount Rate 6.750%</u>	<u>1% Increase 7.750%</u>
Net Pension Liability	<u>\$ 154,247</u>	<u>\$ 88,503</u>	<u>\$ 33,629</u>

Payables to Pension Plan

The Village has an accrued liability to the retirement system for \$2,971 the year ended December 31, 2021.

6. AMOUNTS PAID TO ELECTED OFFICIALS

Haley Unbehagen, Mayor	\$6,000
Chad Porche, Alderman	1,613
Sandy Ackerman, Alderwoman 1/1/21-6/8/21	500
Angela Eastridge, Alderwoman	1,613
Brandt Moran, Alderman 7/1/21-12/31/21	988
Cary Mosby, Chief of Police	30,702
	<u>\$41,416</u>

7. RISK MANAGEMENT

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

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financials were available to be issued, June 29, 2022, and has determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

VILLAGE OF FRENCH SETTLEMENT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Fines- speeding	\$ 140,000	\$ 148,400	\$ 149,763
Non-moving violations	31,000	42,700	43,628
Other moving violations	20,000	22,900	23,642
Franchise fees	98,200	115,298	99,079
French Settlement Police Department	200	3,500	3,800
Occupational licenses	17,200	19,070	20,010
Grants	2	113,733	2,947
Beer tax	600	750	634
Miscellaneous	350	505	4,717
Interest	500	101	109
Total Revenues	<u>308,052</u>	<u>466,957</u>	<u>348,329</u>
<u>EXPENDITURES</u>			
General government	103,184	223,381	149,561
Public safety	199,663	241,558	216,793
Capital outlay	1,001	1,200	2,855
Total Expenditures	<u>303,848</u>	<u>466,139</u>	<u>369,209</u>
Excess of expenditures over revenues	4,204	818	(20,880)
<u>OTHER FINANCING SOURCES</u>			
Insurance proceeds	-	-	71,490
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>71,490</u>
Net change in fund balance	4,204	818	50,610
Fund balance, January 1, 2021	<u>338,105</u>	<u>338,105</u>	<u>338,105</u>
Fund Balance, December 31, 2021	<u>\$ 342,309</u>	<u>\$ 338,923</u>	<u>\$ 388,715</u>

VILLAGE OF FRENCH SETTLEMENT

**SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021 (*)**

Municipal Police Employees' Retirement System	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0166%	0.0200%	0.0253%	0.0101%	0.0187%	0.0243%	0.0132%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 88,503	\$ 184,865	\$ 230,021	\$ 85,699	\$ 163,573	\$ 227,347	\$ 103,071
Employer's Covered-Employee Payroll	\$ 51,115	\$ 54,081	\$ 47,694	\$ 52,224	\$ 55,933	\$ 67,945	\$ 35,194
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	173.1449%	341.8298%	482.2850%	164.0989%	292.4445%	334.6045%	292.8653%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.0881%	70.9450%	71.0078%	71.8871%	70.0815%	66.0422%	70.7303%

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

(*) The amounts have a measurement date of the period June 30, 2021.

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF SYSTEM CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Municipal Police Employees Retirement System	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 23,723	\$ 17,634	\$ 13,184	\$ 19,275	\$ 12,578	\$ 20,549	\$ 14,916
Contributions in relation to contractually required contributions	<u>23,723</u>	<u>17,634</u>	<u>13,158</u>	<u>19,275</u>	<u>12,578</u>	<u>21,343</u>	<u>14,916</u>
Contribution deficiency (excess)	-	-	26	-	-	(794)	-
Employer's Covered Employee Payroll	\$ 75,701	\$ 53,449	\$ 40,713	\$ 61,283	\$ 40,232	\$ 69,658	\$ 52,422
Contributions as a % of Covered Employee Payroll	31.3378%	32.9922%	32.3828%	31.4524%	31.2637%	29.4998%	28.4537%

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

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Haley Unbehagen, Mayor

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

VILLAGE OF FRENCH SETTLEMENT

JUSTICE SYSTEM FUNDING SCHEDULE- COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
DECEMBER 31, 2021

	First Six Month Period Ended <u>6/30/2021</u>	Second Six Month Period Ended <u>12/31/2021</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 296	\$ 6,545
Add: Collections		
Criminal Court Costs/Fees	975	925
Criminal Fines- Warrant	200	650
Criminal Fines - Contempt	-	50
Criminal Fines - Other	109,395	74,556
Service /Collection Fees- credit card fees, 3rd party service fees	4,549	2,825
Service/Collection Fees- Accident report fees	40	85
Subtotal Collections	<u>115,159</u>	<u>79,091</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Judicial College	183	122
LA Commission on Law Enforcement Criminal Court Fees	771	501
LDH- Traumatic Head and Spinal Cord Injury	1,190	690
Florida Parishes Juvenile Justice Commission	1,795	1,220
CMS- Trial Court Management Information	359	244
Disability Affairs Trust Funds- Mobility Parking Impaired	-	25
Less: Amounts Retained by Collecting Agency		
Criminal Fees - Other	99,920	79,651
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies (Please enter zeros if no activity within a certain line item)		
Criminal fee refunds	143	97
Payments to 3rd party Collection/Processing Agencies	4,549	2,825
	<u>108,910</u>	<u>85,375</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 6,545</u>	<u>\$ 261</u>



INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor, Haley Unbehagen and Board of Aldermen
Village of French Settlement, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Village of French Settlement, Louisiana and the Legislative Auditor, State of Louisiana, on the Village's compliance with certain laws and regulations contained in the accompany Louisiana Attestation Questionnaire during the year ended December 31, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Village's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 36:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

No such expenditures were noted during our review of expenditures.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management has provided us with the requested information for 2 of the 3 aldermen. One alderman did not provide the immediate family request.

3. Obtain a list of all employees paid during the fiscal year.

Management provided us with the requested information.

4. Report on whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees included on the list provided by management agreed-upon Procedure 3 appeared on the list provided by management in agreed-upon Procedure 2.

5. Obtain a list of all disbursements made during the year, and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information with the exception of one alderman. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budgets.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there were any exceptions.

We traced the adoption of the original budget to the minutes of a meeting held on 12/9/2020 which indicated that the budget had been adopted by the board of the Village of French Settlement. The amended budget was adopted at the 11/10/21 board meeting.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. We noted actual revenues were under budgeted amounts with an unfavorable variance of 10.09%. Actual expenditures were within the 5% variance allowable by law.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

The six selected disbursements agree to the amount and the payee in the supporting documentation.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

Six of the disbursements were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Documentation of each of the six selected disbursements included the signature of the mayor.

Meetings

10. Obtain evidence from management to support that the agendas for meetings recorded in the minute book were posted or advertised as required by R. S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than a copy of the notices and agendas.

Debt

11. Obtain bank deposits for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We scanned payroll disbursements and did not note any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

No exceptions noted.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1A. (2); and that were subject to public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Management represented that the Village was not on the noncompliance list for any time during the fiscal year.

Prior Comments and Recommendations

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

We have resolved all prior-year recommendations and/or comments.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's compliance with the foregoing matters. 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.

The purpose of this report is solely to describe the scope of testing performed on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.


Gonzales, Louisiana
June 29, 2022

LOUISIANA ATTESTATION QUESTIONNAIRE

Diez, Dupuy & Ruiz, LLC
1124 S. Burnside Ave., Suite 300A
Gonzales, LA 70737

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2021 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Salvy Unbehagen Mayor 6-21-22 Date
R. Streaun Town Clerk 6/21/22 Date

President _____

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

A. FINDINGS- FINANCIAL STATEMENTS

2021-001 Internal Controls over Payroll liabilities

Criteria: Internal controls should be designed to provide for the timely remittance of payroll liabilities.

Condition: During our review procedures, we noted the payroll liability accounts were not reconciled, adjusted, nor paid to the Internal Revenue or Louisiana Department of Revenue on a timely basis.

Cause: Internal controls procedures are not in place to ensure the remittance of payroll liabilities is done timely.

Effect: Penalties were assessed to the Village due to failure to file payments timely. Material adjustments were made during the review to balance the payroll liabilities accounts.

Recommendation: The Village should establish controls and procedures to ensure payroll taxes are being recorded, reconciled and remitted to the proper authority on a timely basis.

Management's Response and Corrective Action Plan: The Village is seeking to hire an outside payroll service. Procedures will be implemented to ensure the recording and remittance of payroll liabilities is accurate and timely.

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF PRIOR YEAR FINDINGS/COMMENTS
YEAR ENDED DECEMBER 31, 2021

A. FINDING- FINANCIAL STATEMENTS

NONE

B. MANAGEMENT LETTER COMMENTS

ML 2020-001 Local Budget Act

Condition: Changes were made to allocate and/or move expenditures from general administration to the police department's budget. These items were not authorized through adoption of a budget amendment or by an authorized ordinance, which violates R.S. 39:1309 (C).

Recommendation: Management of the Village of French Settlement should amend the budget before changes are made to move or change line items of the original proposed budget, and the Village must hold a public hearing to allow for public comment as required by R.S. 39:1309(C).

Current Status: Resolved.

ML – 2020-002 Local Budget Act

Condition: The 2020 proposed budget did not include the estimated fund balance at the beginning of the year or the estimated fund balance at the end of the year as required by R.S. 39:1305.

Recommendation: Management should follow the local budget act R.S. 39:1305 processes when preparing the proposed budget.

Current Status: Resolved.

ML – 2020-003 Adoption of Ordinances

Condition: The Village did not follow all guidelines and procedures in the adoption of ordinances. Several instances were noted whereas there were inconsistencies in the filing of the public notice, approval process, and proper and/or timely publication in the Village's official journal.

Recommendation: In the future, management should review the R.S. 33:406 procedures when adopting and/or proposing a new ordinance to ensure the proper steps are taken. The ordinances from year ended December 31, 2020 should be reexamined to determine whether they should be readopted correctly or repealed.

Current Status: Resolved.

VILLAGE OF FRENCH SETTLEMENT

SCHEDULE OF PRIOR YEAR FINDINGS/COMMENTS
YEAR ENDED DECEMBER 31, 2021

B. MANAGEMENT LETTER COMMENTS (continued)

MLP – 2020-004 Fines, Fees and Court Costs

Condition: The Village did not remit payments for the court cost fees associated with traffic fine collections on behalf of other entities for the period September – December 2020. Also, payments were not remitted to all of the proper entities.

Recommendation: Management should work with its legal counsel to determine which costs and fees are mandatory and implement procedures to ensure fees are paid to the proper entities for fees and court costs associated with traffic fine collections.

Current Status: Resolved.