

**VILLAGE OF FOREST HILL, LOUISIANA**

Financial Report

Year Ended June 30, 2017

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of Alderman  
Village of Forest Hill, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana, (the Village), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### *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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

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, and each major fund of the Village of Forest Hill, Louisiana, as of June 30, 2017 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 36 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. 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.

The Village has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forest Hill, Louisiana's basic financial statements. The other supplementary information on pages 39 through 47 is presented for purposes of additional analysis and is not a required part of the financial statements.

The comparative statements on pages 44 through 47 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules on pages 41 through 42 and the schedule of number of utility customers on page 43 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated October 9, 2017, on our consideration of the Village of Forest Hill, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 9, 2017

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 48,451	\$ 104,119	\$ 152,570
Receivables	13,752	75,822	89,574
Due from other funds	54,764	(54,764)	-
Prepaid items	<u>-</u>	<u>13,568</u>	<u>13,568</u>
Total current assets	<u>116,967</u>	<u>138,745</u>	<u>255,712</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	7,082	82,779	89,861
Capital assets:			
Land	77,436	51,131	128,567
Capital assets, net	<u>1,900,557</u>	<u>2,519,746</u>	<u>4,420,303</u>
Total noncurrent assets	<u>1,985,075</u>	<u>2,653,656</u>	<u>4,638,731</u>
Total assets	<u>2,102,042</u>	<u>2,792,401</u>	<u>4,894,443</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	6,509	9,746	16,255
Accrued liabilities	863	1,128	1,991
Bonds/notes payable - current	<u>24,812</u>	<u>7,304</u>	<u>32,116</u>
Total current liabilities	<u>32,184</u>	<u>18,178</u>	<u>50,362</u>
Noncurrent liabilities:			
Customer deposits payable	-	82,779	82,779
Compensated absences	1,809	6,685	8,494
Bonds/notes payable - noncurrent	<u>202,987</u>	<u>8,995</u>	<u>211,982</u>
Total noncurrent liabilities	<u>204,796</u>	<u>98,459</u>	<u>303,255</u>
Total liabilities	<u>236,980</u>	<u>116,637</u>	<u>353,617</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,750,195	2,554,578	4,304,773
Restricted			
Fire protection	7,082	-	7,082
Unrestricted	<u>107,785</u>	<u>121,186</u>	<u>228,971</u>
Total net position	<u>\$ 1,865,062</u>	<u>\$ 2,675,764</u>	<u>\$ 4,540,826</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 288,739	\$ -	\$ -	\$ -	\$ (288,739)	\$ -	\$ (288,739)
Public safety:							
Police	329,673	581,069	-	-	251,396	-	251,396
Fire	4,279	-	-	-	(4,279)	-	(4,279)
Public works:							
Streets	82,842	-	11,700	6,703	(64,439)	-	(64,439)
Interest on long term debts	11,440	-	-	-	(11,440)	-	(11,440)
Total governmental activities	<u>716,973</u>	<u>581,069</u>	<u>11,700</u>	<u>6,703</u>	<u>(117,501)</u>	<u>-</u>	<u>(117,501)</u>
<b>Business-type activities:</b>							
Gas	191,293	185,228	-	-	-	(6,065)	(6,065)
Water	306,324	308,711	-	20,000	-	22,387	22,387
Sewer	174,133	51,217	-	-	-	(122,916)	(122,916)
Garbage	42,758	53,065	-	-	-	10,307	10,307
Interest on long term debts	1,005	-	-	-	-	(1,005)	(1,005)
Total business-type activities	<u>715,513</u>	<u>598,221</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(97,292)</u>	<u>(97,292)</u>
Total	<u>\$ 1,432,486</u>	<u>\$ 1,179,290</u>	<u>\$ 11,700</u>	<u>\$ 26,703</u>	<u>(117,501)</u>	<u>(97,292)</u>	<u>(214,793)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					13,562	-	13,562
Sales and use taxes, levied for general purposes					60,432	-	60,432
Franchise taxes					32,751	-	32,751
License and permits					35,092	-	35,092
Interest and investment earnings					138	59	197
Miscellaneous					29,539	3,967	33,506
Loss on sale/disposal of assets					4,876	-	4,876
Transfers					(32,158)	32,158	-
Total general revenues and transfers					<u>144,232</u>	<u>36,184</u>	<u>180,416</u>
Change in net position					26,731	(61,108)	(34,377)
Net position - July 1, 2016					<u>1,838,331</u>	<u>2,736,872</u>	<u>4,575,203</u>
Net position - June 30, 2017					<u>\$ 1,865,062</u>	<u>\$ 2,675,764</u>	<u>\$ 4,540,826</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of water, sewerage, natural gas and sanitation services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF FOREST HILL, LOUISIANA

Balance Sheet - Governmental Fund

June 30, 2017

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 48,451
Receivables	13,752
Due from other funds	54,764
Restricted cash	<u>7,082</u>
Total assets	<u>\$ 124,049</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 6,509
Accrued liabilities	<u>863</u>
Total liabilities	<u>7,372</u>
Fund balances -	
Restricted - fire protection	7,082
Unassigned	<u>109,595</u>
Total fund balances	<u>116,677</u>
Total liabilities and fund balances	<u>\$ 124,049</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2017

Total fund balances for governmental fund at June 30, 2017 \$ 116,677

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. Those assets consist of:

Land	\$ 77,436	
Buildings and improvements, net of \$425,488 accumulated depreciation	919,443	
Furniture and fixtures, net of \$179,136 accumulated depreciation	129,095	
Equipment and vehicles, net of \$153,701 accumulated depreciation	<u>852,019</u>	1,977,993

Long-term liabilities that are excluded from governmental funds are included in the government wide statements.

Compensated absences	(1,809)	
Notes payable	<u>(227,799)</u>	<u>(229,608)</u>

Total net position of governmental activities at June 30, 2017 \$ 1,865,062

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds  
 For the Year Ended June 30, 2017

	<u>General Fund</u>
Revenues:	
Taxes	\$ 106,745
Licenses and permits	35,092
Intergovernmental	24,403
Fines and forfeits	581,069
Miscellaneous	<u>28,676</u>
Total revenues	<u>775,985</u>
Expenditures:	
Current -	
General government	282,502
Public safety:	
Police	313,534
Fire	4,279
Public works:	
Streets and facilities	3,350
Capital outlay	134,208
Debt service:	
Principal	25,530
Interest	<u>11,440</u>
Total expenditures	<u>774,843</u>
Excess of revenues over expenditures	<u>1,142</u>
Other financing sources (uses):	
Transfers out	(32,158)
Loan proceeds	<u>54,100</u>
Total other financing sources (uses)	<u>21,942</u>
Net changes in fund balances	23,084
Fund balances, beginning	<u>93,593</u>
Fund balances, ending	<u>\$ 116,677</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, 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, 2017

Total net changes in fund balances at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 23,084
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The change in net position reported for governmental activities in the statement of activities is different because:

The issuance of debt provides current financial resources to governmental funds, but issuing long term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the net repayment reduces long-term liabilities in the Statement of Net Position. The following is the net effect of long term debt transactions at June 30, 2017.

Repayment of debt principal	\$ 25,530	
Issuance of long term debt	<u>(54,100)</u>	(28,570)

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

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	134,208	
Depreciation expense for the year ended June 30, 2017	<u>(103,253)</u>	30,955

Net effect of transaction related to the sale/disposition of fixed assets.		(124)
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Excess of compensated absences earned over compensated absences used.		<u>1,386</u>
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Total changes in net position at June 30, 2017 per Statement of Activities		<u>\$ 26,731</u>
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The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2017

	Utility Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 104,119
Receivables:	
Accounts receivable	56,859
Unbilled utility receivables	18,963
Prepaid gas	13,568
Total current assets	<u>193,509</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	82,779
Capital assets:	
Land	51,131
Other capital assets, net of accumulated depreciation	2,519,746
Total noncurrent assets	<u>2,653,656</u>
Total assets	<u>2,847,165</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	9,746
Accrued liabilities	1,128
Due to other funds	54,764
Notes payable - current	7,304
Total current liabilities	<u>72,942</u>
Noncurrent liabilities:	
Customers' deposits	82,779
Compensated absences	6,685
Notes payable - noncurrent	8,995
Total noncurrent liabilities	<u>98,459</u>
Total liabilities	<u>171,401</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,554,578
Unrestricted	121,186
Total net position	<u>\$ 2,675,764</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Fund  
 For the Year Ended June 30, 2017

	Utility Enterprise Fund
Operating revenues:	
Charges for services -	
Gas charges	\$ 185,228
Water charges	308,711
Sewer charges	51,217
Garbage	53,065
Miscellaneous	<u>3,967</u>
Total operating revenues	<u>602,188</u>
Operating expenses:	
Salaries	182,260
Payroll taxes	16,121
Retirement expense	2,147
Maintenance and repairs	72,295
Professional fees	6,137
Utilities and telephone	44,105
General insurance	25,287
Group health insurance	22,728
Office expense	16,609
Supplies and parts	28,206
Purchases	39,350
Garbage collection fees	42,758
Auto and truck expense	9,578
Depreciation expense	179,570
Dues and fees	8,583
Contract services	700
Meals, lodging and travel	12,539
Miscellaneous	<u>5,535</u>
Total operating expenses	<u>714,508</u>
Operating loss	<u>(112,320)</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -  
 Proprietary Fund  
 For the Year Ended June 30, 2017

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	59
Interest expense	<u>(1,005)</u>
Total nonoperating revenues (expenses)	<u>(946)</u>
 Loss before contributions and transfers	 (113,266)
 Capital contributions	 20,000
Transfers in	<u>32,158</u>
 Change in net position	 (61,108)
 Net position, beginning	 <u>2,736,872</u>
 Net position, ending	 <u>\$2,675,764</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2017

	<u>Utility Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 601,101
Payments to suppliers	(311,682)
Payments to employees	<u>(245,869)</u>
Net cash provided by operating activities	<u>43,550</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	33,484
Transfers from other funds	<u>32,158</u>
Net cash provided by noncapital financing activities	<u>65,642</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(6,949)
Interest paid on notes payable	(1,005)
Increase in customer deposits payable	4,321
Acquisition of property, plant and equipment	(129,044)
Proceeds from grants	<u>20,000</u>
Net cash used by capital and related financing activities	<u>(112,677)</u>
Cash flows from investing activities:	
Interest on investments	<u>28</u>
Net decrease in cash and cash equivalents	(3,457)
Cash and cash equivalents, beginning of period	<u>127,324</u>
Cash and cash equivalents, end of period	<u>\$ 123,867</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund - (Continued)  
 For the Year Ended June 30, 2017

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$(112,320)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	179,570
Changes in current assets and liabilities:	
Increase in accounts receivable	(5,408)
Increase in unbilled utility receivable	(1,129)
Increase in prepaid gas	(13,568)
Increase in accounts payable	1,304
Decrease in accrued liabilities	(7,007)
Increase in compensated absences	<u>2,108</u>
Total adjustments	<u>155,870</u>
Net cash provided by operating activities	<u>\$ 43,550</u>
Cash and cash equivalents, beginning of period-	
Cash- unrestricted	\$ 111,866
Cash- restricted	78,458
Less: interest-bearing deposits with a maturity over three months	<u>(63,000)</u>
Total cash and cash equivalents	<u>127,324</u>
Cash and cash equivalents, end of period-	
Cash- unrestricted	104,119
Cash- restricted	82,779
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and cash equivalents	<u>123,867</u>
Net decrease	<u>\$ (3,457)</u>

The accompanying notes are an integral part of the basic financial statements.

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Forest Hill (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Forest Hill was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government. Services provided by the Village include police protection, street maintenance, drainage, recreation, sanitation and utility systems including natural gas, sewer and water distribution systems.

This report includes all funds that are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of 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. 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.

## VILLAGE OF FOREST HILL

### Notes to Basic Financial Statements (Continued)

#### Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

#### Governmental Funds -

##### 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.

#### Proprietary Fund -

##### Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village of Forest Hill's enterprise fund is the Utility Fund.

## VILLAGE OF FOREST HILL

### Notes to Basic Financial Statements (Continued)

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

##### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

## VILLAGE OF FOREST HILL

### Notes to Basic Financial Statements (Continued)

Governmental fund 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

At June 30, 2017, all of the Village's investments are in the Louisiana Asset Management Pool (LAMP), which are stated at fair value.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

##### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and intergovernmental revenue. Business-type activities report customer's utility service receivables as their major receivables. No allowance for uncollectible receivables is recorded in the General Fund or the Utility Fund at June 30, 2017. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$18,963 at June 30, 2017.

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is 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 \$500 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Plant and equipment	5-50 years
Buildings and improvements	10-20 years
Vehicles	5 years
Infrastructure	5-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash of the general fund and proprietary fund that are legally restricted as to their use. The restricted assets for the general fund are related to fire protection. The restricted assets for the proprietary fund are related to meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of utility meter deposits payable, bonds payable and notes payable.

## VILLAGE OF FOREST HILL

### Notes to Basic Financial Statements (Continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation is normally taken in the year accrued, but a maximum of 80 hours can be carried over. All full-time employees are allowed 96 hours of annual sick leave. All unused sick leave may be carried over, to a maximum amount of 760 hours of which none is paid out upon termination. At June 30, 2017, the Village had a liability of compensated absences reported from governmental employees of \$1,809 and a liability from business type employees of \$6,685.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2017.

#### Equity Classifications

Net position represents the difference between assets and deferred outflows of revenues less liabilities and deferred inflows of resources. In the government-wide statements, the Village reports three components as follows:

- a. Net investment in capital assets – This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased balances of deferred outflows of resources related to those assets.
- b. Restricted net position – This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Village's debt. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the Village.

## VILLAGE OF FOREST HILL

### Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. **Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. **Committed** – amounts that can be used only for specific purposes determined by a formal decision of the Village's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Village.
- d. **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. **Unassigned** – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village has provided otherwise in their commitment or assignment actions.

Proprietary (Utility) fund equity is classified the same as in the government-wide statements.

#### **E. Revenues, Expenditures, and Expenses**

##### **Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

##### **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

*In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources*

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

G. Capitalization of Interest Expense

It is the policy of the Village of Forest Hill to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2017, there was no borrowing for assets under construction and no capitalized interest expense was recorded on the books.

H. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Ad Valorem Taxes

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are assessed on a calendar year basis and are due on or before January 1<sup>st</sup> of the following year. Revenues from ad valorem taxes are budgeted in the year billed by the Village's General Fund.

For the year ended December 31, 2016 taxes of 4.93 mills were levied on property with assessed valuations totaling \$2,827,339 and were dedicated for general corporate purposes.

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

(3) Sales and Use Tax

Sales taxes are collected by the Parish of Rapides and remitted to the Village on a monthly basis. For the year ended June 30, 2017 the Village has levied sales taxes described as follows:

- a) Under the terms of a sales tax proposition approved by the voters of Rapides Parish, the Village is entitled to receive a portion of a 1% sales tax collected on a parish-wide basis. The tax is available for the General Fund's use for any lawful general purpose.

(4) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within 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. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Village had cash and interest-bearing deposits (book balances) totaling \$242,431 as follows:

Demand deposits	\$ 179,400
Time Deposits	<u>63,031</u>
Total	<u>\$ 242,431</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance (FDIC) or similar federal security 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 bank. These securities are held in the name of the Village or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2017, are secured as follows:

Bank balances	<u>\$ 263,916</u>
Federal deposit insurance	\$ 263,916
Pledged securities	<u>-</u>
Total	<u>\$ 263,916</u>

No deposits held by the Village were exposed to custodial credit risk at June 30, 2017, as FDIC insurance had adequate coverage with their fiscal agent bank.

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

(5) Investments

Investments in the amount of \$1,346 at June 30, 2017 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

Credit risk is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the estimated fair value of an investment. Investments in LAMP are not exposed to credit risk and interest rate risk. LAMP has a fund rating of AAAM issued by Standard & Pools. This rating is given to a fund that has an extremely long capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair market value based on quoted market rates. The fair market value of investments is determined on a weekly basis and the value of position in the external investment pool is the same as the value of pool shares.

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

(6) Receivables

Receivables at June 30, 2017 of \$89,574 consist of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ 56,859	\$ 56,859
Unbilled accounts	-	18,963	18,963
Taxes:			
Sales tax	5,003	-	5,003
Franchise tax	6,942	-	6,942
Occupational License	<u>1,807</u>	<u>-</u>	<u>1,807</u>
Totals	<u>\$ 13,752</u>	<u>\$ 75,822</u>	<u>\$ 89,574</u>

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

(7) Restricted Assets

Restricted assets consisted of the following at June 30, 2017:

Governmental Activities:		
General Fund-		
Fire protection		\$ <u>7,082</u>
Business-Type Activities		
Utility Fund-		
Meter Deposits		<u>82,779</u>
Total		\$ <u>89,861</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> 07/01/16	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 06/30/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 77,436	\$ -	\$ -	\$ 77,436
Other capital assets:				
Buildings and improvements	1,337,511	7,420	-	1,344,931
Vehicles, equipment, furn & fixtures	231,394	126,788	49,951	308,231
Equipment and vehicles	<u>1,005,720</u>	<u>-</u>	<u>-</u>	<u>1,005,720</u>
Totals	<u>2,652,061</u>	<u>134,208</u>	<u>49,951</u>	<u>2,736,318</u>
Less accumulated depreciation				
Buildings and improvements	376,302	49,186	-	425,488
Vehicles, equipment, furn & fixtures	200,559	28,404	49,827	179,136
Equipment and vehicles	<u>128,038</u>	<u>25,663</u>	<u>-</u>	<u>153,701</u>
Total accumulated depreciation	<u>704,899</u>	<u>103,253</u>	<u>49,827</u>	<u>758,325</u>
Governmental activities, capital assets, net	<u>\$1,947,162</u>	<u>\$ 30,955</u>	<u>\$ 124</u>	<u>\$1,977,993</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 8,485
Police protections	15,276
Streets and public facilities	<u>79,492</u>
Total depreciation expense	<u>\$ 103,253</u>

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 51,131	\$ -	\$ -	\$ 51,131
<b>Other capital assets:</b>				
Water system	3,071,285	99,366	849	3,169,802
Natural gas system	906,249	21,506	849	926,906
Sewer system	<u>1,599,319</u>	<u>8,172</u>	<u>-</u>	<u>1,607,491</u>
Totals	<u>5,627,984</u>	<u>129,044</u>	<u>1,698</u>	<u>5,755,330</u>
<b>Less accumulated depreciation</b>				
Water system	1,881,743	104,722	849	1,985,616
Natural gas system	549,978	26,965	849	576,094
Sewer system	<u>574,860</u>	<u>47,883</u>	<u>-</u>	<u>622,743</u>
Total accumulated depreciation	<u>3,006,581</u>	<u>179,570</u>	<u>1,698</u>	<u>3,184,453</u>
<b>Business-type activities, capital assets, net</b>	<u>\$2,621,403</u>	<u>\$ (50,526)</u>	<u>\$ -</u>	<u>\$2,570,877</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 104,722
Gas	26,965
Sewer	<u>47,883</u>
Total depreciation expense	<u>\$ 179,570</u>

(9) Accounts and Other Payables

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 6,509	\$ 9,746	\$ 16,255
Accrued	863	1,128	1,991
Compensated absences	1,809	6,685	8,494
Customer deposits	<u>-</u>	<u>82,779</u>	<u>82,779</u>
Totals	<u>\$ 9,181</u>	<u>\$ 100,338</u>	<u>\$ 109,519</u>

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

(10) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2017:

	Governmental Activities		Business-Type Activities
	Notes Payable	General Obligation	Notes Payable
Long-term debt as of July 1, 2016	\$ -	\$ 199,229	\$ 23,248
Additions	54,100	-	-
Retirements	(19,596)	(5,934)	(6,949)
Long-term debt as of June 30, 2017	\$ 34,504	\$ 193,295	\$ 16,299

Governmental Activities:

General obligation bonds-

\$250,000 Public Improvement Bonds, dated June 22, 2006, due in monthly installments of \$1,250 including interest at 4.375% from July 22, 2006 through June 22, 2036; payable from general fund revenues.

\$ 193,295

Notes payable-

\$54,100 note payable dated September 3, 2016 due in monthly installments of \$1,663, including interest of 5.5%, through August 3, 2019, payable from general fund revenues.

\$ 34,504

Business-Type Activities:

Notes payable-

\$28,779 equipment lease dated August 19, 2015 due in monthly installments of \$663, including interest of 5%, through August 19, 2019, payable from utility fund revenues.

\$ 16,299

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

The debt as of June 30, 2017 is due as follows:

Year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal payments	Interest payments	Principal payments	Interest payments
2018	\$ 24,812	\$ 9,792	\$ 7,304	\$ 649
2019	23,295	8,476	7,678	275
2020	7,262	7,738	1,317	8
2021	7,587	7,413	-	-
2022	7,926	7,074	-	-
2023-2027	45,282	29,718	-	-
2028-2032	56,366	18,634	-	-
2033-2036	55,269	5,119	-	-
Total	<u>\$ 227,799</u>	<u>\$ 93,964</u>	<u>\$ 16,299</u>	<u>\$ 932</u>

(11) Employee Retirement

The Village has elected the U.S Conference of Mayors Deferred Compensation Program as a pension plan for its eligible employees and elected officials. The Village will make a matching contribution into the Deferred Compensation Plan of 50% of the participant's contribution to a maximum of 7.5% of their annual salary. Eligible employees must be employed with the Village one year before being eligible to withdraw any matching funds. The Village is current on matching employee contributions at June 30, 2017. Contributions to the plan during the year ending June 30, 2017 are immaterial to the financial statements as a whole.

(12) Segment Information for the Enterprise Fund

The Village of Forest Hill maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Segment information for the year ended June 30, 2017 was as follows:

	Gas Department	Water Department	Sewerage Department	Sanitation Department	Total Enterprise Fund
Operating revenues	<u>\$ 186,525</u>	<u>\$ 310,084</u>	<u>\$ 52,514</u>	<u>\$ 53,065</u>	<u>\$ 602,188</u>
Operating expenses:					
Depreciation	26,965	104,722	47,883	-	179,570
Other	<u>164,328</u>	<u>201,602</u>	<u>126,250</u>	<u>42,758</u>	<u>534,938</u>
Total operating expenses	<u>191,293</u>	<u>306,324</u>	<u>174,133</u>	<u>42,758</u>	<u>714,508</u>
Operating income (loss)	<u>\$ (4,768)</u>	<u>\$ 3,760</u>	<u>\$(121,619)</u>	<u>\$ 10,307</u>	<u>\$(112,320)</u>

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

(13) Compensation of Village Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2017 follows:

Elizabeth Ann Jeter	\$ 9,600
Aldermen:	
Jerriot Robinson	4,800
Anna Cloud	4,800
Stacy Danzy	<u>4,800</u>
 Total	 <u>\$ 24,000</u>

(14) Pending Litigation

At June 30, 2017 the Village is involved in a lawsuit claiming damages. In the opinion of the Village's legal counsel, there will be no liability to the Village in excess of insurance coverage.

(15) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(16) Interfund Transactions

A. Interfund receivables and payables consisted of the following at June 30, 2017:

	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General Fund	\$ 54,764	\$ -
Proprietary Fund:		
Utility Fund	<u>-</u>	<u>54,764</u>
 Total	 <u>\$ 54,764</u>	 <u>\$ 54,764</u>

VILLAGE OF FOREST HILL

Notes to Basic Financial Statements (Continued)

Transfers consisted of the following at June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 32,158
Proprietary Fund:		
Enterprise Fund	<u>32,158</u>	<u>-</u>
Total	<u>\$ 32,158</u>	<u>\$ 32,158</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(17) On-behalf Payments for Salaries

The Village of Forest Hill receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Village totaled \$6,000 for the fiscal year ending June 30, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(18) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Elizabeth Ann Jeter, Mayor, for the year ended June 30, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,600
Registration fees	<u>200</u>
	<u>\$ 9,800</u>

(19) Subsequent Event Review

The Village's management has evaluated subsequent events through October 9, 2017 the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 136,500	\$ 105,468	\$ 106,745	\$ 1,277
Licenses and permits	26,000	32,651	35,092	2,441
Intergovernmental	24,000	28,800	24,403	(4,397)
Fines and forfeits	535,000	551,998	581,069	29,071
Miscellaneous	<u>21,240</u>	<u>24,716</u>	<u>28,676</u>	<u>3,960</u>
Total revenues	<u>742,740</u>	<u>743,633</u>	<u>775,985</u>	<u>32,352</u>
<b>Expenditures:</b>				
Current -				
General government	496,310	320,827	282,502	38,325
Public safety:				
Police	202,040	341,600	313,534	28,066
Fire	-	4,279	4,279	-
Public Works:				
Streets	-	833	3,350	(2,517)
Capital outlay	-	71,429	134,208	(62,779)
Debt Service:				
Principal	37,500	20,544	25,530	(4,986)
Interest	<u>-</u>	<u>10,792</u>	<u>11,440</u>	<u>(648)</u>
Total expenditures	<u>735,850</u>	<u>770,304</u>	<u>774,843</u>	<u>(4,539)</u>
Excess (deficiency) of revenues over expenditures				
	<u>6,890</u>	<u>(26,671)</u>	<u>1,142</u>	<u>27,813</u>
<b>Other financing sources :</b>				
Proceeds from capital lease	-	54,100	54,100	-
Transfer out to the Utility Fund	<u>1,000</u>	<u>-</u>	<u>(32,158)</u>	<u>32,158</u>
Total other financing sources	<u>1,000</u>	<u>54,100</u>	<u>21,942</u>	<u>32,158</u>
Net change in fund balance	7,890	27,429	23,084	59,971
Fund balance, beginning	<u>93,593</u>	<u>93,593</u>	<u>93,593</u>	<u>-</u>
Fund balance, ending	<u>\$ 101,483</u>	<u>\$ 121,022</u>	<u>\$ 116,677</u>	<u>\$ 59,971</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to June 15, the Town Clerk submits to the Mayor and Board of Alderman a proposed operating budget for the period commencing the following July 1.
- b) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) 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.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Alderman. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$4,539 for the year ended June 30, 2017.

**OTHER SUPPLEMENTARY INFORMATION**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
 June 30, 2017  
 With Comparative Totals for June 30, 2016

	2017			2016 Total
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and interest-bearing deposits	\$ 48,451	\$ 104,119	\$ 152,570	\$ 195,889
Receivables, net	13,752	75,822	89,574	92,188
Internal balances	54,764	(54,764)	-	-
Prepaid items	-	13,568	13,568	-
Total current assets	<u>116,967</u>	<u>138,745</u>	<u>255,712</u>	<u>288,077</u>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and interest-bearing deposits	7,082	82,779	89,861	90,095
<b>Capital assets:</b>				
Land and construction in progress	77,436	51,131	128,567	128,567
Capital assets, net	<u>1,900,557</u>	<u>2,519,746</u>	<u>4,420,303</u>	<u>4,439,997</u>
Total noncurrent assets	<u>1,985,075</u>	<u>2,653,656</u>	<u>4,638,731</u>	<u>4,658,659</u>
Total assets	<u>2,102,042</u>	<u>2,792,401</u>	<u>4,894,443</u>	<u>4,946,736</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payables	6,509	9,746	16,255	43,548
Accrued liabilities	863	1,128	1,991	19,279
Bonds/notes payable- current	<u>24,812</u>	<u>7,304</u>	<u>32,116</u>	<u>13,347</u>
Total current liabilities	<u>32,184</u>	<u>18,178</u>	<u>50,362</u>	<u>76,174</u>
<b>Noncurrent liabilities:</b>				
Customer deposits payable	-	82,779	82,779	78,458
Compensated absences	1,809	6,685	8,494	7,771
Bonds/notes payable- noncurrent	<u>202,987</u>	<u>8,995</u>	<u>211,982</u>	<u>209,130</u>
Total noncurrent liabilities	<u>204,796</u>	<u>98,459</u>	<u>303,255</u>	<u>295,359</u>
Total liabilities	<u>236,980</u>	<u>116,637</u>	<u>353,617</u>	<u>371,533</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,750,195	2,554,578	4,304,773	4,346,087
<b>Restricted:</b>				
Fire protection	7,082	-	7,082	11,637
Unrestricted	<u>107,785</u>	<u>121,186</u>	<u>228,971</u>	<u>217,479</u>
Total net position	<u>\$ 1,865,062</u>	<u>\$ 2,675,764</u>	<u>\$ 4,540,826</u>	<u>\$ 4,575,203</u>

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Balance Sheet  
 General Fund  
 June 30, 2017 and 2016

	<u>General</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and interest-bearing deposits	\$ 48,451	\$ 84,023
Receivables	13,752	22,903
Due from other funds	54,764	21,280
Restricted cash	<u>7,082</u>	<u>11,637</u>
Total assets	<u>\$ 124,049</u>	<u>\$ 139,843</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 6,509	\$ 35,106
Accrued liabilities	<u>863</u>	<u>11,144</u>
Total liabilities	<u>7,372</u>	<u>46,250</u>
Fund balances -		
Restricted Fire Protection	7,082	11,637
Unassigned	<u>109,595</u>	<u>81,956</u>
Total fund balances	<u>116,677</u>	<u>93,593</u>
Total liabilities and fund balances	<u>\$ 124,049</u>	<u>\$ 139,843</u>

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2017  
With Actual Amounts For the Year Ended June 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 17,000	\$ 13,723	\$ 13,562	\$ (161)	\$ 16,463
Sales tax	79,000	60,601	60,432	(169)	62,981
Franchise taxes	<u>40,500</u>	<u>31,144</u>	<u>32,751</u>	<u>1,607</u>	<u>32,315</u>
Total taxes	<u>136,500</u>	<u>105,468</u>	<u>106,745</u>	<u>1,277</u>	<u>111,759</u>
Licenses and permits	<u>26,000</u>	<u>32,651</u>	<u>35,092</u>	<u>2,441</u>	<u>31,619</u>
<b>Intergovernmental:</b>					
State of Louisiana -					
State grants	24,000	15,000	6,703	(8,297)	73,782
On behalf payments	-	6,000	6,000	-	-
Grass cutting	<u>-</u>	<u>7,800</u>	<u>11,700</u>	<u>3,900</u>	<u>7,800</u>
Total intergovernmental	<u>24,000</u>	<u>28,800</u>	<u>24,403</u>	<u>(4,397)</u>	<u>81,582</u>
Fines and forfeits	<u>535,000</u>	<u>551,998</u>	<u>581,069</u>	<u>29,071</u>	<u>526,768</u>
<b>Miscellaneous:</b>					
Interest income	30	145	138	(7)	37
Other sources	<u>21,210</u>	<u>24,571</u>	<u>28,538</u>	<u>3,967</u>	<u>23,442</u>
Total miscellaneous	<u>21,240</u>	<u>24,716</u>	<u>28,676</u>	<u>3,960</u>	<u>23,479</u>
Total revenues	<u>\$ 742,740</u>	<u>\$ 743,633</u>	<u>\$ 775,985</u>	<u>\$ 32,352</u>	<u>\$ 775,207</u>

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2017  
With Actual Amounts for the Year Ended June 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
<b>Current:</b>					
<b>General government -</b>					
Salaries	\$ 94,000	\$ 55,221	\$ 54,290	\$ 931	\$ 87,236
Payroll taxes	9,460	4,224	4,606	(382)	5,714
Retirement	6,000	-	-	-	1,572
General insurance	48,500	46,612	51,947	(5,335)	80,589
Group health insurance	50,500	-	2,385	(2,385)	17,734
Engineering	-	21,878	-	21,878	-
Professional fees	83,000	89,939	69,561	20,378	83,957
Office expenditures	81,375	45,005	44,389	616	52,446
Dues and subscriptions	800	1,490	552	938	676
Training and education	5,000	2,215	2,615	(400)	4,250
Utilities	94,000	37,693	42,432	(4,739)	49,479
Taxes and licenses	2,800	789	639	150	413
Animal control expense	275	140	127	13	126
Town park expense	600	3,063	613	2,451	2,200
Maintenance and repairs	17,500	3,503	6,237	(2,734)	-
Miscellaneous	2,500	9,055	2,109	6,946	-
Total general government	<u>496,310</u>	<u>320,827</u>	<u>282,502</u>	<u>38,325</u>	<u>386,392</u>
<b>Public safety -</b>					
<b>Police:</b>					
Salaries	129,000	155,336	151,040	4,296	133,658
Payroll taxes	12,540	12,351	12,173	178	8,937
On behalf salaries	-	6,000	6,000	-	-
Group health insurance	-	13,322	15,311	(1,989)	-
Marshall expense	60,500	154,591	129,010	25,581	55,866
Fire department	-	4,279	4,279	-	20,534
Total public safety	<u>202,040</u>	<u>345,879</u>	<u>317,813</u>	<u>28,066</u>	<u>218,995</u>
<b>Public works-</b>					
Streets and facilities	-	833	3,350	(2,517)	2,599
Total public works	<u>-</u>	<u>833</u>	<u>3,350</u>	<u>(2,517)</u>	<u>2,599</u>
Capital outlay	-	71,429	134,208	(62,779)	119,211
Total capital outlay	<u>-</u>	<u>71,429</u>	<u>134,208</u>	<u>(62,779)</u>	<u>119,211</u>
<b>Debt service:</b>					
Principal	37,500	20,544	25,530	(4,986)	13,480
Interest	-	10,792	11,440	(648)	8,929
Total debt service	<u>37,500</u>	<u>31,336</u>	<u>36,970</u>	<u>(5,634)</u>	<u>22,409</u>
<b>Total expenditures</b>	<u><b>\$735,850</b></u>	<u><b>\$770,304</b></u>	<u><b>\$774,843</b></u>	<u><b>\$(4,539)</b></u>	<u><b>\$749,606</b></u>

VILLAGE OF FOREST HILL, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2017 and 2016

Records maintained by the Village indicated the following number of customers were being serviced during the months of June, 2017 and 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Water (metered)	1,129	1,134
Sewer	113	109
Gas	428	434
Sanitation	248	255

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Statement of Net Position  
 Proprietary Fund  
 June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 104,119	\$ 111,866
Receivables:		
Accounts receivable	56,859	51,451
Unbilled utility receivables	18,963	17,834
Prepaid gas	<u>13,568</u>	<u>-</u>
Total current assets	<u>193,509</u>	<u>181,151</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	82,779	78,458
Capital assets:		
Land	51,131	51,131
Other capital assets, net of accumulated depreciation	<u>2,519,746</u>	<u>2,570,272</u>
Total noncurrent assets	<u>2,653,656</u>	<u>2,699,861</u>
Total assets	<u>2,847,165</u>	<u>2,881,012</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	9,746	8,442
Accrued liabilities	1,128	8,135
Due to other funds	54,764	21,280
Notes payable - current	<u>7,304</u>	<u>6,949</u>
Total current liabilities	<u>72,942</u>	<u>44,806</u>
Noncurrent liabilities:		
Customers' deposits	82,779	78,458
Compensated absences	6,685	4,577
Notes payable - noncurrent	<u>8,995</u>	<u>16,299</u>
Total noncurrent liabilities	<u>98,459</u>	<u>99,334</u>
Total liabilities	<u>171,401</u>	<u>144,140</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,554,578	2,598,155
Unrestricted	<u>121,186</u>	<u>138,717</u>
Total net position	<u>\$2,675,764</u>	<u>\$2,736,872</u>

VILLAGE OF FOREST HILL, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Net Position -  
For the Years Ended June 30, 2017 and 2016

	Total	
	<u>2017</u>	<u>2016</u>
Operating revenues:		
Customer service charges	\$ 598,221	\$ 565,037
Other	<u>3,967</u>	<u>29,363</u>
Total operating revenues	<u>602,188</u>	<u>594,400</u>
Operating expenses:		
Salaries	182,260	162,578
Payroll taxes	16,121	12,472
Retirement	2,147	-
Maintenance and repairs	72,295	58,739
Professional fees	6,137	12,110
Utilities and telephone	44,105	39,088
General insurance	25,287	-
Group health insurance	22,728	20,500
Office expense	16,609	15,131
Supplies and parts	28,206	20,518
Purchases	39,350	44,817
Garbage collection fees	42,758	36,462
Auto and truck expense	9,578	7,499
Depreciation expense	179,570	169,404
Dues and fees	8,583	1,105
Contract services	700	3,125
Meals, lodging and travel	12,539	2,623
Miscellaneous	<u>5,535</u>	<u>9,224</u>
Total operating expenses	<u>714,508</u>	<u>615,395</u>
Operating loss	<u>(112,320)</u>	<u>(20,995)</u>
Nonoperating revenues (expenses):		
Interest income	59	9
Interest expense	(1,005)	(1,096)
Loss on disposal of assets	<u>-</u>	<u>(762)</u>
Total nonoperating revenues (expenses)	<u>(946)</u>	<u>(1,849)</u>
Loss before contributions and transfers	(113,266)	(22,844)
Capital contributions	20,000	-
Transfers in (out)	<u>32,158</u>	<u>(13,579)</u>
Change in net position	(61,108)	(36,423)
Net position, beginning	<u>2,736,872</u>	<u>2,773,295</u>
Net position, ending	<u>\$ 2,675,764</u>	<u>\$ 2,736,872</u>

VILLAGE OF FOREST HILL, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Net Position-  
For the Years Ended June 30, 2017 and 2016

	Total		Gas	
	2017	2016	2017	2016
Operating revenues:				
Customer service charges	\$ 598,221	\$ 565,037	\$ 185,228	\$ 191,514
Other	3,967	29,363	1,297	5,808
Total operating revenues	<u>602,188</u>	<u>594,400</u>	<u>186,525</u>	<u>197,322</u>
Operating expenses:				
Salaries	182,260	162,578	50,412	44,018
Payroll taxes	16,121	12,472	4,277	3,373
Retirement	2,147	-	1,200	-
Maintenance and repairs	72,295	58,739	22,208	25,283
Professional fees	6,137	12,110	2,080	2,315
Utilities and telephone	44,105	39,088	13,703	13,216
General insurance	25,287	-	6,181	-
Group health insurance	22,728	20,500	10,827	8,770
Office expense	16,609	15,131	4,568	5,907
Supplies and parts	28,206	20,518	-	-
Purchases	39,350	44,817	39,350	44,817
Garbage collection fees	42,758	36,462	-	-
Auto and truck expense	9,578	7,499	2,177	2,137
Depreciation expense	179,570	169,404	26,965	24,774
Dues and fees	8,583	1,105	560	1,105
Contract services	700	3,125	-	3,125
Meals, lodging and travel	12,539	2,623	4,838	95
Miscellaneous	5,535	9,224	1,947	3,072
Total operating expenses	<u>714,508</u>	<u>615,395</u>	<u>191,293</u>	<u>182,007</u>
Operating income (loss)	<u>\$ (112,320)</u>	<u>\$ (20,995)</u>	<u>\$ (4,768)</u>	<u>\$ 15,315</u>
Nonoperating revenues (expenses):				
Interest income	59	9		
Interest expense	(1,005)	(1,096)		
Loss on disposal of capital assets	-	(762)		
Total nonoperating revenues (expenses)	<u>(946)</u>	<u>(1,849)</u>		
Loss before contributions and transfers	<u>(113,266)</u>	<u>(22,844)</u>		
Capital contributions	20,000	-		
Transfers in (out)	<u>32,158</u>	<u>(13,579)</u>		
Change in net position	(61,108)	(36,423)		
Net position, beginning	<u>2,736,872</u>	<u>2,773,295</u>		
Net position, ending	<u>\$ 2,675,764</u>	<u>\$ 2,736,872</u>		

Water		Sewer		Sanitation	
2017	2016	2017	2016	2017	2016
\$ 308,711	\$ 280,754	\$ 51,217	\$ 49,849	\$ 53,065	\$ 42,920
<u>1,373</u>	<u>20,663</u>	<u>1,297</u>	<u>2,892</u>	<u>-</u>	<u>-</u>
<u>310,084</u>	<u>301,417</u>	<u>52,514</u>	<u>52,741</u>	<u>53,065</u>	<u>42,920</u>
70,051	65,110	61,797	53,450	-	-
6,251	4,983	5,593	4,116	-	-
947	-	-	-	-	-
34,013	16,122	16,074	17,334	-	-
1,281	6,180	2,776	3,615	-	-
16,395	13,216	14,007	12,656	-	-
13,018	-	6,088	-	-	-
6,547	4,459	5,354	7,271	-	-
8,918	4,612	3,123	4,612	-	-
27,506	17,274	700	3,244	-	-
-	-	-	-	-	-
-	-	-	-	42,758	36,462
3,243	2,515	4,158	2,847	-	-
104,722	98,019	47,883	46,611	-	-
8,023	-	-	-	-	-
700	-	-	-	-	-
2,454	2,445	5,247	83	-	-
<u>2,255</u>	<u>3,076</u>	<u>1,333</u>	<u>3,076</u>	<u>-</u>	<u>-</u>
<u>306,324</u>	<u>238,011</u>	<u>174,133</u>	<u>158,915</u>	<u>42,758</u>	<u>36,462</u>
<u>\$ 3,760</u>	<u>\$ 63,406</u>	<u>\$(121,619)</u>	<u>\$(106,174)</u>	<u>\$ 10,307</u>	<u>\$ 6,458</u>

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Retired:  
Conrad O. Chapman, CPA\* 2006

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

The Honorable Mayor and Board of Aldermen  
Village of Forest Hill, 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, and each major fund of the Village of Forest Hill, Louisiana (the Village) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 9, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or material weaknesses, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001(IC), 2017-002(IC), and 2017-003(IC) to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Village of Forest Hill, Louisiana's Response to Findings**

The Village's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

This report is intended 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 Village'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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 9, 2017

VILLAGE OF FOREST HILL, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
For the Year Ended June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>CURRENT YEAR (6/30/2017) --</b>						
<u>Internal Control:</u>						
2017-001(IC)	2017	Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Elizabeth Jeter, Mayor	N/A
2017-002(IC)	2017	The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	Yes	The Village has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Elizabeth Jeter, Mayor	6/30/2018
2017-003(IC)	2017	Management should reconcile monthly meter deposits and accounts receivable to subsidiaries to ensure that all activity is recorded properly.	Yes	Management will review current reconciliation procedures, and implement proper steps to ensure that meter deposits and accounts receivable are reconciled monthly.	Elizabeth Jeter, Mayor	6/30/2018
<u>Management Letter:</u>						
2017-004(ML)	2017	The Utility Fund sewer department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	Yes	Management will review sewer rates and attempt to decrease expenses in order for the sewer department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2018
2017-005(ML)	2017	The Utility Fund gas department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	Yes	Management will review gas rates and attempt to decrease expenses in order for the gas department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2018

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>CURRENT YEAR (6/30/2016) --</b>						
<b><u>Internal Control:</u></b>						
2016-001(IC)	2016	Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Elizabeth Jeter, Mayor	N/A
2016-002(IC)	2016	In order to ascertain that internal controls are operating effectively over the purchasing function, the mayor should sign off as approval on purchase orders. The purchase orders being placed should come from the approved invoices.	Yes	Management will review current policies and procedures, and properly implement controls over the purchasing function.	Elizabeth Jeter, Mayor	6/30/2016
2016-003(IC)	2016	Management should reconcile monthly meter deposits and accounts receivable to subsidiaries to ensure that all activity is recorded properly.	No	Management will review current reconciliation procedures, and implement proper steps to ensure that meter deposits and accounts receivable are reconciled monthly.	Elizabeth Jeter, Mayor	6/30/2016
<b><u>Management Letter:</u></b>						
2016-004(ML)	2016	The Utility Fund sewer department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	No	Management will review sewer rates and attempt to decrease expenses in order for the sewer department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2016

**VILLAGE OF FOREST HILL, LOUISIANA**

Independent Accountants' Report  
On Applying Agreed-Upon Procedures

Year Ended June 30, 2017

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\* A Professional Accounting Corporation

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor and Board of Alderman  
Village of Forest Hill, Louisiana and the  
Louisiana Legislative Auditor

Retired:

Conrad O. Chapman, CPA\* 2006

We have performed the procedures enumerated below, which were agreed to by the management of the Village of Forest Hill, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Forest Hill's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Village of Forest Hill is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. 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.

### *Written Policies and Procedures*

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

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

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

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

- c) **Disbursements**, including processing, reviewing, and approving

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

- d) **Receipts**, including receiving, recording, and preparing deposits

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

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

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

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

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

**Board (or Finance Committee, if applicable)**

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not include monthly budget-to-actual comparisons for 8 out of the 12 meetings held during the year.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Obtained and reviewed the minutes of the managing board for the fiscal period and noted that there was no deficit spending that occurred during the fiscal period.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Obtained and reviewed the minutes of the managing board for the fiscal period noting that there were approvals of contracts/disbursements.*

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Obtained bank statements and reconciliations for all months in the fiscal period noting that there was no evidence of board member review documented.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months was present on all accounts examined.*

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Written documentation was obtained and addresses the functions noted above, except that the staff responsible for collections, also records the related transactions into the subsidiary listings, and prepares the deposit.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*In the locations selected, there is a formal process to reconcile cash collections to the general ledger by revenue source, but the person responsible is not independent of the cash collection process.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Collection documentation was obtained and addresses the functions noted above.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No exceptions noted.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*In the location tested, there is not a process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)*

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Examined supporting documentation for each of the 25 disbursements selected and found that 6 out of the 25 purchases were not initiated using a purchase order.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Examined supporting documentation for each of the 25 disbursements selected and found that 6 purchases did not have appropriate approval for the purchase orders.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Examined supporting documentation for each of the 25 disbursements and found all payments except for 6, were processed without proper approval, receiving report or an approved invoice.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

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

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*No signature stamp or signature machine is used.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*Listing was obtained and randomly selected one-third of the cards the entity held.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*Monthly statements were obtained and address the functions noted above.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*Monthly statements were obtained and no finance charges or late fees were noted being paid.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Monthly statements were obtained and address the functions noted above.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Monthly statements were obtained but documentation of the public purpose of those transactions was not noted.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Monthly statements were obtained and required documentation according to the Village policy was not attached to the statements.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions noted.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

### ***Travel and Expense Reimbursement***

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- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts listed exceed GSA rates.*

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Expenses were paid in accordance with written policy.*

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*Out of the three travel invoices tested, one did not have supporting documentation attached to the payment.*

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Listing of all contracts in effect and managements's representation that the listing is complete was obtained.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions noted.*

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*There were no instances of noncompliance noted.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*There were no instances of noncompliance noted.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Not applicable.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*No noncompliance noted.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Proper approval noted.*

### **Payroll and Personnel**

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions noted.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*No exceptions noted.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions noted.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions noted.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No exceptions noted.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions noted.*

#### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*No exceptions noted.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

#### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*No debt issued during the fiscal period.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*No exceptions noted.*

***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The Village does not have the required notices posted on the entity's premises. The village does not have a website as of 6/30/2017.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions noted.*

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of ABC Government and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 9, 2017