

VILLAGE OF FOREST HILL, LOUISIANA

Financial Report

Year Ended June 30, 2025

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel

C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.
Ville Platte, LA 70586 Baton Rouge, LA 70816
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana, (the Village), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – GASB 68

As described in Note 18, in the notes to the basic financial statements, the Village adopted new accounting guidance GASB 68, Pensions. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension schedules on pages 42 and 43-44, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village of Forest Hill 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The comparative balance sheet – General Fund, statement of net position-compared to prior years totals, comparative statement of net position – Enterprise Fund, comparative statement of revenues, expenses, and changes in fund balance – Enterprise Fund, and the Justice System Funding Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative balance sheet – General Fund, statement of net position-compared to prior years totals, comparative statement of net position – Enterprise Fund, comparative statement of revenues, expenses, and changes in fund balance – Enterprise Fund, and the Justice System Funding Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the General Fund – budgetary comparison schedule revenues, General Fund - budgetary comparison schedules – expenditures and the schedule of utility customers but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated October 14, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
October 14, 2025

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 556,067	\$ 391,933	\$ 948,000
Receivables, net	48,958	99,425	148,383
Due from other governmental agencies	-	45,681	45,681
Internal balances	61,939	(61,939)	-
Prepaid items	9,669	17,329	26,998
Total current assets	<u>676,633</u>	<u>492,429</u>	<u>1,169,062</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	151,746	151,746
Capital assets -			
Land	104,436	81,131	185,567
Construction in progress	-	167,324	167,324
Capital assets, net	<u>1,636,736</u>	<u>2,553,586</u>	<u>4,190,322</u>
Total noncurrent assets	<u>1,741,172</u>	<u>2,953,787</u>	<u>4,694,959</u>
Total assets	<u>\$ 2,417,805</u>	<u>\$ 3,446,216</u>	<u>\$ 5,864,021</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	<u>165,018</u>	<u>-</u>	<u>165,018</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	\$ 13,474	\$ 92,577	\$ 106,051
Compensated absences	1,421	2,444	3,865
Bond/notes payable - current	9,463	63,487	72,950
Customer deposits payable from restricted assets	-	151,569	151,569
Total current liabilities	<u>24,358</u>	<u>310,077</u>	<u>334,435</u>
Noncurrent liabilities:			
Net pension liability	186,934	-	186,934
Bonds/notes payable - noncurrent	<u>120,674</u>	<u>625,711</u>	<u>746,385</u>
Total noncurrent liabilities	<u>307,608</u>	<u>625,711</u>	<u>933,319</u>
Total liabilities	<u>331,966</u>	<u>935,788</u>	<u>1,267,754</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	<u>5,655</u>	<u>-</u>	<u>5,655</u>
NET POSITION			
Net investment in capital assets	1,611,035	2,112,843	3,723,878
Unrestricted	<u>634,167</u>	<u>397,585</u>	<u>1,031,752</u>
Total net position	<u>\$ 2,245,202</u>	<u>\$ 2,510,428</u>	<u>\$ 4,755,630</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, 2025

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 329,779	\$ -	-	\$ (329,779)	\$ -	\$ (329,779)
Public safety:						
Police	423,163	660,738	-	237,575	-	237,575
Public works:						
Streets	81,891	-	19,750	(62,141)	-	(62,141)
Interest on long term debts	5,943	-	-	(5,943)	-	(5,943)
Total governmental activities	840,776	660,738	19,750	(160,288)	-	(160,288)
Business-type activities:						
Gas	278,734	225,918	-	-	(52,816)	(52,816)
Water	456,109	536,031	-	-	79,922	79,922
Sewer	208,629	61,540	-	-	(147,089)	(147,089)
Garbage	62,151	55,835	-	-	(6,316)	(6,316)
Interest on long term debts	30,491	-	-	-	(30,491)	(30,491)
Total business-type activities	1,036,114	879,324	-	-	(156,790)	(156,790)
Total	\$ 1,876,890	\$ 1,540,062	\$ 19,750	(160,288)	(156,790)	(317,078)
General revenues:						
Taxes -						
Property taxes, levied for general purposes				16,682	-	16,682
Sales and use taxes, levied for general purposes				128,709	-	128,709
Franchise taxes				35,143	-	35,143
Grants and contributions not restricted to specific programs				-	89,024	89,024
License and permits				41,749	-	41,749
Interest and investment earnings				781	206	987
Miscellaneous				38,931	119,008	157,939
Gain on sale/disposal of assets				12,000	-	12,000
Nonemployer pension contributions				5,367	-	5,367
Transfers				(93,935)	93,935	-
Total general revenues and transfers				185,427	302,173	487,600
Change in net position				25,139	145,383	170,522
Net position - beginning				2,220,063	2,365,045	4,585,108
Net position - ending				\$ 2,245,202	\$ 2,510,428	\$ 4,755,630

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

FUND FINANCIAL STATEMENTS

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, 2025

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 556,067
Receivables	48,958
Due from other funds	61,939
Prepays	<u>9,669</u>
Total assets	<u>\$ 676,633</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and other liabilities	\$ 13,474
Fund balances -	
Unassigned	<u>663,159</u>
Total liabilities and fund balances	<u>\$ 676,633</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, 2025

Total fund balances for governmental fund at June 30, 2025		\$ 663,159
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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	\$ 104,436	
Buildings and improvements, net of \$768,664 accumulated depreciation	584,076	
Vehicles, equipment, furniture, net of \$340,999 accumulated depreciation	270,349	
Infrastructure, net of \$409,842 accumulated depreciation	<u>782,311</u>	1,741,172

Liabilities that are excluded from governmental funds are included in the government wide statements.

Compensated absences	(1,421)	
Notes payable	<u>(130,137)</u>	(131,558)

Pension:

Net pension (liability)/asset	(186,934)	
Deferred inflows of resources	(5,655)	
Deferred outflows of resources	<u>165,018</u>	<u>(27,571)</u>

Total net position of governmental activities at June 30, 2025		<u>\$ 2,245,202</u>
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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, 2025

	<u>General Fund</u>
Revenues:	
Taxes	\$ 180,534
Licenses and permits	41,749
Intergovernmental	26,950
Fines and forfeits	660,738
Miscellaneous	<u>44,512</u>
Total revenues	<u>954,483</u>
Expenditures:	
Current -	
General government	317,534
Public safety:	
Police	340,202
Public works:	
Streets and facilities	16,381
Capital outlay	282,679
Debt service:	
Principal	9,057
Interest	<u>5,943</u>
Total expenditures	<u>971,796</u>
Excess of revenues over expenditures	<u>(17,313)</u>
Other financing sources (uses):	
Transfers out	<u>(93,935)</u>
Net changes in fund balances	(111,248)
Fund balances, beginning	<u>774,407</u>
Fund balances, ending	<u><u>\$ 663,159</u></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, 2025

Total net changes in fund balances at June 30, 2025 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ (111,248)
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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, 2025.

Repayment of debt principal			9,057
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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	\$ 282,679		
Depreciation expense for the year ended June 30, 2025	<u>(127,778)</u>	154,901	

Effect of the implementation of GASB 68:

Employer recognized pension expense	(32,938)		
Nonemployer pension contribution revenue recognized	<u>5,367</u>	<u>(27,571)</u>	

Total changes in net position at June 30, 2025 per Statement of Activities			<u>\$ 25,139</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, 2025

	Utility Enterprise Fund
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 391,933
Receivables -	
Accounts receivable	68,885
Unbilled utility receivables	30,540
Due from other governmental agencies	45,681
Prepaid gas	17,329
Total current assets	<u>554,368</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	151,746
Capital assets -	
Land	81,131
Construction in progress	167,324
Other capital assets, net of accumulated depreciation	<u>2,553,586</u>
Total noncurrent assets	<u>2,953,787</u>
Total assets	<u><u>\$ 3,508,155</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and other liabilities	\$ 92,577
Due to other funds	61,939
Compensated absences	2,444
Notes payable - current	63,487
Payable from restricted assets -	
Customer deposits payable from restricted assets	<u>151,569</u>
Total current liabilities	<u>372,016</u>
Noncurrent liabilities:	
Notes payable - noncurrent	<u>625,711</u>
Total liabilities	<u>997,727</u>
NET POSITION	
Net investment in capital assets	2,112,843
Unrestricted	<u>397,585</u>
Total net position	<u><u>\$ 2,510,428</u></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, 2025

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 225,918
Water charges	536,031
Sewer charges	61,540
Garbage	55,835
Miscellaneous	<u>37,019</u>
Total operating revenues	<u>916,343</u>
Operating expenses:	
Salaries	135,948
Payroll taxes	10,392
Retirement expense	1,626
Group health insurance	17,089
Maintenance and repairs	219,731
Professional fees	49,584
Utilities and telephone	69,422
General insurance	47,170
Office expense	24,172
Supplies and parts	47,643
Purchases	56,753
Garbage collection fees	54,395
Auto and truck expense	10,563
Depreciation expense	228,475
Dues and fees	19,275
Meals, lodging and travel	5,554
Miscellaneous	<u>7,831</u>
Total operating expenses	<u>1,005,623</u>
Operating loss	<u>(89,280)</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, 2025

	Utility Enterprise Fund
Nonoperating revenues (expenses):	
Federal grants	16,384
State grants	72,640
Interest income	206
Interest expense	(30,491)
Proceeds from forgiven debt	<u>81,989</u>
Total nonoperating revenues (expenses)	<u>140,728</u>
 Income before contributions and transfers	 51,448
 Transfers in	 <u>93,935</u>
 Change in net position	 145,383
Net position, beginning	<u>2,365,045</u>
Net position, ending	<u><u>\$ 2,510,428</u></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, 2025

	Utility Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 869,144
Payments to suppliers	(627,501)
Payments to employees	<u>(165,055)</u>
Net cash provided by operating activities	<u>76,588</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	<u>93,935</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(328,643)
Proceeds from grants	72,640
Proceeds from forgiveness of debt	81,989
Proceeds from loan	85,335
Principal paid on debt	<u>(60,527)</u>
Net cash used by capital and related financing activities	<u>(149,206)</u>
Cash flows from investing activities:	
Interest on investments	<u>109</u>
Net increase in cash and cash equivalents	21,426
Cash and cash equivalents, beginning of period	<u>458,109</u>
Cash and cash equivalents, end of period	<u><u>\$ 479,535</u></u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows
Proprietary Fund - (Continued)
For the Year Ended June 30, 2025

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (89,280)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	228,475
Changes in current assets and liabilities:	
Increase in accounts receivable	(57,060)
Decrease in prepaid gas	10,255
Increase in meter deposits	9,861
Decrease in accounts payable and other liabilities	<u>(25,663)</u>
Total adjustments	<u>165,868</u>
Net cash provided by operating activities	<u>\$ 76,588</u>
Cash and interest-bearing deposits, beginning of period-	
Cash- unrestricted	\$ 380,448
Cash- restricted	141,708
Less: interest-bearing deposits with a maturity over three months	<u>(64,047)</u>
Total cash and interest-bearing deposits	<u>458,109</u>
Cash and interest-bearing deposits, end of period-	
Cash- unrestricted	391,933
Cash- restricted	151,746
Less: interest-bearing deposits with a maturity over three months	<u>(64,144)</u>
Total cash and interest-bearing deposits	<u>479,535</u>
Net increase in cash and cash equivalents	<u>\$ 21,426</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

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.

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-

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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.

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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

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.

Governmental fund financial statements are reported using 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

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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 and interest-bearing deposits,

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.

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, 2025. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$30,540 at June 30, 2025.

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 \$2,500 or more for capitalizing capital assets.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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 proprietary fund that are legally restricted as to their use. 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 bonds payable and notes payable.

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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial 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, 2025 the Village had a liability of compensated absences reported from governmental employees of \$1,421 and a liability from business type employees of \$2,444.

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. As of June 30, 2025 the Village had deferred inflows of \$5,655, and deferred outflows of \$165,018 from subsequent contributions for police pensions.

Equity Classifications

Net position represents the difference between assets and deferred outflows of revenues less liabilities and deferred inflows of resources. As such, net position of the government-wide statements, are classified 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, LOUISIANA

Notes to Basic Financial Statements

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 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 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, LOUISIANA

Notes to Basic Financial Statements

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.

F. 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 1st 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, 2024 taxes of 4.81 mills were levied on property with assessed valuations totaling \$3,581,125 and were dedicated for general corporate purposes.

(3) Sales and Use Tax

Sales taxes are collected by the Parish of Rapides and remitted to the Village on a monthly basis. 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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(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, 2025, the Village had cash and interest-bearing deposits (book balances) totaling \$1,028,797 as follows:

Demand deposits	\$ 884,191
Time deposits	<u>144,606</u>
Total	<u>\$ 1,028,797</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. The Village does not have a policy for custodial credit risk; however, 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, 2025, are secured as follows:

Bank balances	<u>\$ 1,158,795</u>
Federal deposit insurance	\$ 428,318
Uninsured and collateral held by the pledging bank not in the Village's name	<u>730,477</u>
Total	<u>\$ 1,158,795</u>

(5) Receivables

Receivables consisted of the following:

	General	Utility	Total
Accounts	\$ -	\$ 68,885	\$ 68,885
Unbilled accounts	-	30,540	30,540
Taxes:			
Sales tax	11,369	-	11,369
Franchise tax	8,313	-	8,313
AMS - Fines	17,720	-	17,720
Insurance Premiums	<u>11,556</u>	<u>-</u>	<u>11,556</u>
Totals	<u>\$ 48,958</u>	<u>\$ 99,425</u>	<u>\$ 148,383</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(6) Restricted Assets

Restricted assets consisted of the following:

Business-Type Activities	
Utility Fund-	
Meter Deposits	<u>\$ 151,569</u>

(7) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 104,436	\$ -	\$ -	\$ 104,436
Other capital assets:				
Buildings and improvements	1,352,740	-	-	1,352,740
Vehicles, equipment, furn & fixtures	432,502	178,846	25,694	585,654
Infrastructure	<u>1,088,320</u>	<u>103,833</u>	<u>-</u>	<u>1,192,153</u>
Total other capital assets	<u>2,873,562</u>	<u>282,679</u>	<u>25,694</u>	<u>3,130,547</u>
Less accumulated depreciation				
Buildings and improvements	728,830	39,834	-	768,664
Vehicles, equipment, furn & fixtures	280,577	60,422	25,694	315,305
Infrastructure	<u>382,320</u>	<u>27,522</u>	<u>-</u>	<u>409,842</u>
Total accumulated depreciation	<u>1,391,727</u>	<u>127,778</u>	<u>25,694</u>	<u>1,493,811</u>
Total capital assets being depreciated	<u>1,481,835</u>	<u>154,901</u>	<u>-</u>	<u>1,636,736</u>
Governmental activities, capital assets, net	<u>\$ 1,586,271</u>	<u>\$ 154,901</u>	<u>\$ -</u>	<u>\$ 1,741,172</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,245
Police protections	50,023
Streets and public facilities	<u>65,510</u>
Total depreciation expense	<u>\$ 127,778</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 81,131	\$ -	\$ -	\$ 81,131
Construction in progress	-	167,324	-	167,324
Total capital assets not being depreciated	81,131	167,324	-	248,455
Other capital assets:				
Water system	4,234,312	24,706	-	4,259,018
Natural gas system	961,466	55,630	-	1,017,096
Sewer system	1,790,201	80,983	-	1,871,184
Total other capital assets	6,985,979	161,319	-	7,147,298
Less accumulated depreciation				
Water system	2,612,216	116,849	-	2,729,065
Natural gas system	752,248	52,940	-	805,188
Sewer system	1,000,773	58,686	-	1,059,459
Total accumulated depreciation	4,365,237	228,475	-	4,593,712
Total capital assets being depreciated	2,620,742	(67,156)	-	2,553,586
Business-type activities, capital assets, net	<u>\$ 2,701,873</u>	<u>\$ 100,168</u>	<u>\$ -</u>	<u>\$ 2,802,041</u>

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

Water	\$ 116,849
Gas	52,940
Sewer	58,686
Total depreciation expense	<u>\$ 228,475</u>

(8) Accounts and Other Payables

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 6,833	\$ 23,323	\$ 30,156
Accrued expenses	6,641	23,573	30,214
Construction payable	-	45,681	45,681
Compensated absences	1,421	2,444	3,865
Customer deposits	-	151,569	151,569
Totals	<u>\$ 14,895</u>	<u>\$ 246,590</u>	<u>\$ 261,485</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2025:

	Governmental Activities <u>General Obligation</u>	Business-Type Activities <u>Note Payable</u>
Long-term debt as of July 1, 2024	\$ 139,194	\$ 664,390
Additions	-	85,335
Retirements	<u>(9,057)</u>	<u>(60,527)</u>
Long-term debt as of June 30, 2025	<u>\$ 130,137</u>	<u>\$ 689,198</u>

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.

\$ 130,137

The debt as of June 30, 2025 is due as follows:

Year ending June 30,	Principal payments	Interest payments	Total payments
2026	\$ 9,463	\$ 5,537	\$ 15,000
2027	9,888	5,112	15,000
2028	10,332	4,668	15,000
2029	10,796	4,204	15,000
2030	11,281	3,719	15,000
2031-2035	64,472	10,528	75,000
2036-2040	<u>13,905</u>	<u>316</u>	<u>14,221</u>
Total	<u>\$ 130,137</u>	<u>\$ 34,084</u>	<u>\$ 164,221</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

Business Type Activities:

Capital Lease, Water meters -

\$722,095 capital lease payable dated October 28, 2022 due in annual installments of \$93,016, including interest of 4.89%, through October 28, 2032, payable from utility fund revenues.

\$ 603,863

DHH- Revolving Water Loan -

\$1,900,000 promissory note, series 2024 due to DHH- Revolving Water Loan. As of June 30, 2025 a total of \$167,324 has been drawn upon the loan, with a total of \$1,732,676 remaining to be drawn on the note. Terms of the loan are set as 49% of each drawdown to be forgiven, with a total liability due from the Village of \$931,000. As of June 30, 2025, no principal or other payments have been made on the promissory note, also no amortization schedule currently exists thus no current liability is recorded for this debt.

85,335

Total Business Type Activities

\$ 689,198

The debt as of June 30, 2025 is due as follows:

Year ending June 30,	Principal payments	Interest payments	Total payments
2026	\$ 63,487	\$ 29,529	\$ 93,016
2027	66,591	26,425	93,016
2028	69,848	23,168	93,016
2029	73,263	19,753	93,016
2030	76,846	16,170	93,016
2031-2033	<u>253,828</u>	<u>41,389</u>	<u>295,217</u>
Total	<u><u>\$ 603,863</u></u>	<u><u>\$ 156,434</u></u>	<u><u>\$ 760,297</u></u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(10) Municipal Employees Police Retirement System of Louisiana (MPERS)

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the system in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The System issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

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

Membership Prior to January 1, 2013 - A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013 - Member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age. A cost-of-living adjustment may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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

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

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

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

For the year ended June 30, 2024, total contribution due for employers and employees was 43.925%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.925% and 10.00%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.925% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.925% and 8.00%, respectively. The actuarial required employer and employee combined contribution for June 30, 2024 was 43.925%. Contributions to the pension plan from the Village totaled \$24,675.

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue and excluded from pension expense. Total non-employer contributions recognized as income was \$5,367.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2025, the Village reported a liability of \$186,934 for its proportionate share of the Net Pension Liability of MPERS. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Village's proportion of the Net Pension Liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Village's proportion was 0.020633%.

The Village's MPERS plan recognized pension expense of \$32,938.

The Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 10,121	\$ 5,655
Changes of assumptions	-	-
Change in proportion and differences between the employer's contributions and the proportionate share of contributions	131,665	-
Net difference between projected and actual earnings on pension plan investments	5,197	-
Contributions subsequent to the measurement date	18,035	-
Total	<u>\$ 165,018</u>	<u>\$ 5,655</u>

Deferred outflows of resources of \$18,035 related to MPERS resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

Year Ended June 30:	
2025	\$ 44,850
2026	62,196
2027	37,558
2028	(3,276)
	<u>\$ 141,328</u>

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

A summary of the actuarial methods and assumptions used in determining MPERS total pension liability are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost
Investment rate of return	6.750%, net of investment expense
Expected Remaining	
Service Lives	4 years
Inflation rate	2.5%
Salary increases, including	<u>Years of Service</u>
inflation and merit	1-2
	Above 2
	<u>Salary Growth Rate</u>
	12.30%
	4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.
	For disabled lives, the Pub-2010 public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using MP2019 scale was used.
	For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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

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

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended June 30, 2024.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	52%	3.14%
Fixed Income	34%	1.07%
Alternative	14%	1.03%
Totals	100%	5.24%
Inflation		2.62%
Expected Nominal Return		7.86%

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

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.750%, or one percentage point higher 7.750% than the current rate.

	1% Decrease 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net Pension Liability	\$ 277,686	\$ 186,934	\$ 111,174

(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, 2025. Contributions to the plan during the year ending June 30, 2025 are immaterial to the financial statements as a whole.

(12) Compensation of Village Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2025 follows:

Aldermen:

Belinda Spiller	\$ 4,800
Garland Carrol	4,800
Danny Perkins	4,800
Total	<u>\$ 14,400</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(13) 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, 2025 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 16,200
Conference travel	671
Registration fees	700
Total	<u>\$ 17,571</u>

(14) Pending Litigation

At June 30, 2025 the Village was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(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, 2025:

	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General Fund	\$ 61,939	\$ -
Proprietary Fund:		
Utility Fund	<u>-</u>	<u>61,939</u>
Total	<u>\$ 61,939</u>	<u>\$ 61,939</u>

The amounts due to the General Fund from various other funds are for reimbursements owed for expenditures paid for those funds.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

B. Transfers consisted of the following at June 30, 2025:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 93,935
Proprietary Fund:		
Enterprise Fund	<u>93,935</u>	<u>-</u>
Total	<u>\$ 93,935</u>	<u>\$ 93,935</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 \$7,200 for the fiscal year ending June 30, 2025. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(18) New Accounting Pronouncements

The Village implemented the Government Accounting Standards Board (GASB) issued statement No. 68, Pensions, during the fiscal year ended June 30, 2025. The result of the implementation did not result in a restatement of prior period financials due to immateriality of the adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 168,000	\$ 191,366	\$ 180,534	\$ (10,832)
Licenses and permits	30,000	26,173	41,749	15,576
Intergovernmental	15,000	25,000	26,950	1,950
Fines and forfeits	650,000	616,673	660,738	44,065
Miscellaneous	-	11,217	44,512	33,295
Total revenues	<u>863,000</u>	<u>870,429</u>	<u>954,483</u>	<u>84,054</u>
Expenditures:				
Current -				
General government	316,185	442,962	317,534	125,428
Public safety:				
Police	430,527	434,986	340,202	94,784
Public works:				
Streets	50,000	75,000	16,381	58,619
Capital outlay	-	-	282,679	(282,679)
Debt service:				
Principal	15,000	15,000	9,057	5,943
Interest	-	-	5,943	(5,943)
Total expenditures	<u>811,712</u>	<u>967,948</u>	<u>971,796</u>	<u>(3,848)</u>
Excess (deficiency) of revenues over expenditures	<u>51,288</u>	<u>(97,519)</u>	<u>(17,313)</u>	<u>80,206</u>
Other financing sources :				
Transfer to the Utility Fund	-	-	(93,935)	93,935
Net change in fund balance	51,288	(97,519)	(111,248)	174,141
Fund balance, beginning	<u>774,407</u>	<u>774,407</u>	<u>774,407</u>	<u>-</u>
Fund balance, ending	<u>\$ 825,695</u>	<u>\$ 676,888</u>	<u>\$ 663,159</u>	<u>\$ 174,141</u>

VILLAGE OF FOREST HILL, LOUISIANA

Schedule of Employer's Share of Net Position Liability/Asset -

*Municipal Police Employee Retirement System

For the Year Ended June 30, 2025

Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate share of the Net Pension Liability (Asset)	Employers Covered Payroll	Employer's Proportionate Share Of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.02063%	\$ 186,934	\$ 26,074	717%	75.8%

** The amounts presented have a measurement date of the previous June 30.*

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

VILLAGE OF FOREST HILL, LOUISIANA

Schedule of Employer Contributions
*Municipal Police Employee Retirement System
For the Year Ended June 30, 2025

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 24,675	\$ 24,675	\$ -	\$ 26,074	94.6%

** The amounts presented have a measurement date of the previous June 30.*

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

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Required Supplementary Information
Year Ended June 30, 2025

(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 Village 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.

(3) MPERS Retirement System

- 1) Change in benefit terms –

There was no change in benefit terms.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Required Supplementary Information
Year Ended June 30, 2025

2) Changes of assumptions –

Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service lives	Projected Salary Increase
2015	7.750%	7.750%	3.000%	4	4% - 10%
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2018	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2019	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2021	6.950%	6.950%	2.500%	4	4.70% - 12.30%
2022	6.750%	6.750%	2.500%	4	4.70% - 12.30%
2023	6.750%	6.750%	2.500%	4	4.70% - 12.30%
2024	6.750%	6.750%	2.500%	4	4.70% - 12.30%
2025	6.750%	6.750%	2.500%	4	4.70% - 12.30%

* The amounts presented have a measurement date of the previous June 30.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position

June 30, 2025

With Comparative Totals for June 30, 2024

	2025			2024
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 556,067	\$ 391,933	\$ 948,000	\$ 1,031,669
Investments				
Receivables, net	48,958	99,425	148,383	119,306
Due from other governmental agencies	-	45,681	45,681	-
Internal balances	61,939	(61,939)	-	-
Prepaid items	9,669	17,329	26,998	50,401
Total current assets	<u>676,633</u>	<u>492,429</u>	<u>1,169,062</u>	<u>1,201,376</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	-	151,746	151,746	141,708
Capital assets -				
Land	104,436	81,131	185,567	185,567
Construction in progress	-	167,324	167,324	-
Capital assets, net	<u>1,636,736</u>	<u>2,553,586</u>	<u>4,190,322</u>	<u>4,102,577</u>
Total noncurrent assets	<u>1,741,172</u>	<u>2,953,787</u>	<u>4,694,959</u>	<u>4,429,852</u>
Total assets	<u>\$ 2,417,805</u>	<u>\$ 3,446,216</u>	<u>\$ 5,864,021</u>	<u>\$ 5,631,228</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions	<u>165,018</u>	<u>-</u>	<u>165,018</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payables and other liabilities	\$ 13,474	\$ 92,577	\$ 106,051	\$ 80,579
Compensated absences	1,421	2,444	3,865	3,865
Bonds/notes payable- current	9,463	63,487	72,950	69,584
Deferred revenue	-	-	-	16,384
Customer deposits payable	-	151,569	151,569	141,708
Total current liabilities	<u>24,358</u>	<u>310,077</u>	<u>334,435</u>	<u>312,120</u>
Noncurrent liabilities:				
Net pension liability	186,934	-	186,934	-
Bonds/notes payable- noncurrent	<u>120,674</u>	<u>625,711</u>	<u>746,385</u>	<u>734,000</u>
Total noncurrent liabilities	<u>307,608</u>	<u>625,711</u>	<u>933,319</u>	<u>734,000</u>
Total liabilities	<u>331,966</u>	<u>935,788</u>	<u>1,267,754</u>	<u>1,046,120</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	<u>5,655</u>	<u>-</u>	<u>5,655</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,611,035	2,112,843	3,723,878	3,484,560
Unrestricted	<u>634,167</u>	<u>397,585</u>	<u>1,031,752</u>	<u>1,100,548</u>
Total net position	<u>\$ 2,245,202</u>	<u>\$ 2,510,428</u>	<u>\$ 4,755,630</u>	<u>\$ 4,585,108</u>

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Balance Sheet
General Fund
June 30, 2025 and 2024

	General	
	2025	2024
ASSETS		
Cash and interest-bearing deposits	\$ 556,067	\$ 651,221
Receivables	48,958	31,260
Due from other funds	61,939	87,079
Prepaid items	9,669	22,817
Total assets	<u>\$ 676,633</u>	<u>\$ 792,377</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	<u>\$ 13,474</u>	<u>\$ 17,970</u>
Fund balances -		
Unassigned	<u>663,159</u>	<u>774,407</u>
Total liabilities and fund balances	<u>\$ 676,633</u>	<u>\$ 792,377</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2025
With Actual Amounts For the Year Ended June 30, 2024

	2025				
	Budget		Actual	Variance with Final Budget Positive (Negative)	2024 Actual
	Original	Final			
Taxes:					
Ad valorem	\$ 25,000	\$ 26,173	\$ 16,682	\$ (9,491)	\$ 17,018
Sales tax	143,000	165,193	128,709	(36,484)	110,462
Franchise taxes	-	-	35,143	35,143	32,576
Total taxes	<u>168,000</u>	<u>191,366</u>	<u>180,534</u>	<u>(10,832)</u>	<u>160,056</u>
Licenses and permits	<u>30,000</u>	<u>26,173</u>	<u>41,749</u>	<u>15,576</u>	<u>43,493</u>
Intergovernmental:					
State of Louisiana -					
State grants	-	10,000	10,000	-	-
On behalf payments	7,200	7,200	7,200	-	7,200
Grass cutting	7,800	7,800	9,750	1,950	9,750
Other	-	-	-	-	-
Total intergovernmental	<u>15,000</u>	<u>25,000</u>	<u>26,950</u>	<u>1,950</u>	<u>16,950</u>
Fines and forfeits	<u>650,000</u>	<u>616,673</u>	<u>660,738</u>	<u>44,065</u>	<u>655,474</u>
Miscellaneous:					
Interest income	-	-	781	781	774
Insurance proceeds	-	5,093	-	(5,093)	-
Sale of capital assets	-	-	12,000	12,000	25,000
Other sources	-	6,124	31,731	25,607	10,826
Total miscellaneous	<u>-</u>	<u>11,217</u>	<u>44,512</u>	<u>33,295</u>	<u>36,600</u>
Total revenues	<u>\$ 863,000</u>	<u>\$ 870,429</u>	<u>\$ 954,483</u>	<u>\$ 84,054</u>	<u>\$ 912,573</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025
With Actual Amounts for the Year Ended June 30, 2024

	2025				
	Budget			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	2024 Actual
Current:					
General government -					
Salaries	\$ 90,000	\$ 102,612	\$ 115,438	\$ (12,826)	\$ 93,575
Payroll taxes	6,885	25,813	2,876	22,937	3,739
Retirement	1,800	1,733	-	1,733	(1,250)
General insurance	20,000	11,301	11,289	12	9,835
Group health insurance	3,000	2,597	2,664	(67)	2,911
Professional fees	23,000	30,128	51,124	(20,996)	48,736
Office expenditures	23,000	25,067	19,888	5,179	9,696
Dues and subscriptions	2,000	1,359	1,019	340	878
Training and education	10,000	7,829	10,535	(2,706)	8,637
Utilities	65,000	57,223	56,354	869	53,022
Animal control expense	1,500	228	199	29	462
Town park expense	30,000	125,067	19,531	105,536	5,473
Maintenance and repairs	30,000	40,000	16,146	23,854	13,680
Miscellaneous	10,000	12,005	10,471	1,534	12,698
Total general government	316,185	442,962	317,534	125,428	262,092
Public safety -					
Police:					
Salaries	135,000	125,307	123,250	2,057	118,680
Payroll taxes	10,327	-	15,254	(15,254)	16,657
On behalf salaries	7,200	7,200	7,200	-	7,200
Group health insurance	40,000	34,149	15,384	18,765	12,885
Commercial insurance	-	-	31,710	(31,710)	17,853
Retirement	20,000	18,104	18,035	69	26,457
Conventions and conferences	7,000	6,807	5,920	887	4,085
Gasoline expense	15,000	11,336	10,705	631	12,282
Magistrate expense	30,000	26,203	23,016	3,187	38,642
Police department expense	40,000	20,499	40,265	(19,766)	57,683
Repairs and maintenance	25,000	40,000	33,194	6,806	30,148
Telephone	30,000	23,866	15,462	8,404	17,678
Uniforms	1,000	1,507	807	700	1,847
Miscellaneous/Dues/Equipment	70,000	120,008	-	120,008	-
Total public safety	430,527	434,986	340,202	94,784	362,097

(continued)

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2025
With Actual Amounts for the Year Ended June 30, 2024

	2025				
	Budget			Variance with Final Budget	2024
	Original	Final	Actual	Positive (Negative)	Actual
Public works-					
Streets and facilities	<u>50,000</u>	<u>75,000</u>	<u>16,381</u>	<u>58,619</u>	<u>21,799</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>282,679</u>	<u>(282,679)</u>	<u>140,403</u>
Debt service:					
Principal	15,000	15,000	9,057	5,943	8,668
Interest	<u>-</u>	<u>-</u>	<u>5,943</u>	<u>(5,943)</u>	<u>6,332</u>
Total debt service	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>\$ 811,712</u>	<u>\$ 967,948</u>	<u>\$ 971,796</u>	<u>\$ (3,848)</u>	<u>\$ 801,391</u>

VILLAGE OF FOREST HILL, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2025 and 2024

Records maintained by the Village indicated the following number of customers were being serviced during the months of June, 2025 and 2024:

<u>Department</u>	<u>2025</u>	<u>2024</u>
Water (metered)	1,275	1,279
Sewer	115	121
Gas	474	487
Sanitation	252	263

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Statement of Net Position
Proprietary Fund
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 391,933	\$ 380,448
Receivables -		
Accounts receivable	68,885	57,506
Unbilled utility receivables	30,540	30,540
Intergovernmental receivable	45,681	-
Prepaid gas	<u>17,329</u>	<u>27,584</u>
Total current assets	<u>554,368</u>	<u>496,078</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	151,746	141,708
Capital assets-		
Land	81,131	81,131
Construction in progress	167,324	-
Other capital assets, net of accumulated depreciation	<u>2,553,586</u>	<u>2,620,742</u>
Total noncurrent assets	<u>2,953,787</u>	<u>2,843,581</u>
Total assets	<u>\$ 3,508,155</u>	<u>\$ 3,339,659</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	\$ 92,577	\$ 62,609
Due to other funds	61,939	87,079
Compensated absences	2,444	2,444
Notes payable - current	63,487	60,527
Deferred revenue	-	16,384
Customer deposits payable from restricted assets	<u>151,569</u>	<u>141,708</u>
Total current liabilities	<u>372,016</u>	<u>370,751</u>
Noncurrent liabilities:		
Bonds/notes payable-noncurrent	<u>625,711</u>	<u>603,863</u>
Total liabilities	<u>997,727</u>	<u>974,614</u>
NET POSITION		
Net investment in capital assets	1,945,519	2,037,483
Unrestricted	<u>564,909</u>	<u>327,562</u>
Total net position	<u>\$ 2,510,428</u>	<u>\$ 2,365,045</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, 2025 and 2024

	Total		Gas	
	2025	2024	2025	2024
Operating revenues:				
Customer service charges	\$ 879,324	\$ 885,760	\$ 225,918	\$ 213,857
Other	<u>37,019</u>	<u>22,324</u>	<u>10,096</u>	<u>8,881</u>
Total operating revenues	<u>916,343</u>	<u>908,084</u>	<u>236,014</u>	<u>222,738</u>
Operating expenses:				
Salaries	135,948	175,439	15,606	53,716
Payroll taxes	10,392	13,273	1,194	2,528
Retirement	1,626	1,200	234	-
Group health insurance	17,089	21,481	1,638	9,325
Maintenance and repairs	219,731	227,546	67,548	77,520
Professional fees	49,584	57,371	11,411	16,044
Utilities and telephone	69,422	73,899	22,984	23,518
General insurance	47,170	10,652	19,579	3,179
Office expense	24,172	21,734	8,651	8,674
Supplies and parts	47,643	33,457	12,045	372
Purchases	56,753	51,116	56,753	51,116
Garbage collection fees	54,395	48,438	-	-
Auto and truck expense	10,563	11,689	3,359	3,462
Depreciation expense	228,475	191,579	52,940	25,832
Dues and fees	19,275	16,364	2,334	2,610
Meals, lodging and travel	5,554	13,483	840	8,152
Miscellaneous	<u>7,831</u>	<u>10,546</u>	<u>1,618</u>	<u>2,939</u>
Total operating expenses	<u>1,005,623</u>	<u>979,267</u>	<u>278,734</u>	<u>288,987</u>
Operating income (loss)	<u>(89,280)</u>	<u>(71,183)</u>	<u>\$ (42,720)</u>	<u>\$ (66,249)</u>
Nonoperating revenues (expenses):				
Federal grants	16,384	-		
State grants	72,640	-		
Proceeds from forgiven debt	81,989	-		
Interest income	206	341		
Interest expense	<u>(30,491)</u>	<u>(33,407)</u>		
Total nonoperating revenues (expenses)	<u>140,728</u>	<u>(33,066)</u>		
Income before contributions and transfers	<u>51,448</u>	<u>(104,249)</u>		
Transfers in (out)	<u>93,935</u>	<u>2,400</u>		
Change in net position	<u>145,383</u>	<u>(101,849)</u>		
Net position, beginning	<u>2,365,045</u>	<u>2,466,894</u>		
Net position, ending	<u>\$ 2,510,428</u>	<u>\$ 2,365,045</u>		

Water		Sewer		Sanitation	
2025	2024	2025	2024	2025	2024
\$ 536,031	\$ 554,477	\$ 61,540	\$ 61,537	\$ 55,835	\$ 55,889
26,923	13,028	-	415	-	-
562,954	567,505	61,540	61,952	55,835	55,889
63,557	64,264	49,580	50,514	7,205	6,945
7,453	7,149	1,194	3,090	551	506
1,392	1,200	-	-	-	-
13,297	11,002	2,154	1,154	-	-
122,199	131,692	29,984	18,334	-	-
28,045	31,683	10,128	9,644	-	-
23,138	27,404	23,300	22,977	-	-
16,695	3,092	10,896	4,381	-	-
11,359	9,150	4,162	3,910	-	-
27,705	32,701	7,893	384	-	-
-	-	-	-	-	-
-	-	-	-	54,395	48,438
3,701	3,323	3,503	4,904	-	-
116,849	114,801	58,686	50,946	-	-
15,191	11,919	1,750	1,835	-	-
3,710	3,154	1,004	2,177	-	-
1,818	2,860	4,395	4,747	-	-
456,109	455,394	208,629	178,997	62,151	55,889
\$ 106,845	\$ 112,111	\$ (147,089)	\$ (117,045)	\$ (6,316)	\$ -

VILLAGE OF FOREST HILL

Justice System Funding Schedule - Collecting/Disbursing Entity As Required by ACT 87 of the 2020 Regular Legislative Session General Fund Cash Basis Presentation Year Ended June 30, 2025

	First Six Month Period Ended 12/31/2024	Second Six Month Period Ended 6/30/2025
Beginning balance of amounts collected	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Court Costs/Fees	<u>312,030</u>	<u>343,710</u>
Less: Disbursements to Governments and Nonprofits		
CMIS - Treasurer, State of La – CMIS	459	628
Crime Stoppers – Crime Stoppers of Cenla, Inc.	908	1,258
Spinal Cord – DHH-TH/SCI T.F.	550	660
Law Enforcement – La Commission of Law Enforcement	898	1,239
Supreme Court – La. Supreme Court (La Judicial College Form A)	227	313
Crime Lab – North La Criminalistics Laboratory	6,370	8,710
Less: Amounts retained by collecting agency		
Criminal Court Costs/Fees	<u>302,618</u>	<u>330,902</u>
Total disbursements	<u>312,030</u>	<u>343,710</u>
Total ending balance of amounts collected but not disbursed/retained	<u>\$ -</u>	<u>\$ -</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
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Stephen J. Anderson, CPA*
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Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
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Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.
Ville Platte, LA 70586 Baton Rouge, LA 70816
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KCSRPCAS.COM

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

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, 2025, 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 14, 2025.

Report on 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) as a basis for designing 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.

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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.

Village of Forest Hill, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Forest Hill, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village of Forest Hill, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
October 14, 2025

VILLAGE OF FOREST HILL, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2025

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

2025-001 Noncompliance with Laws – Police Department

Fiscal year finding initially occurred: 2025

CONDITION: During the current fiscal year, the Village of Forest Hill's Chief of Police allegedly issued false criminal reports which were subsequently used to facilitate visa fraud in exchange for monetary payments. Subsequent to year-end the Chief of Police was indicted on federal charges related to these alleged actions.

CRITERIA: Louisiana public officials are required to comply with all federal and state laws in the performance of their duties.

CAUSE: The Chief of Police's alleged actions may have violated multiple Louisiana state statutes and federal laws.

EFFECT: Alleged noncompliance by the Chief of Police may expose the Village to reputational harm, potential legal and financial liability, and diminished public confidence in local government.

RECOMMENDATION: The Village should fully cooperate with state and federal authorities, take appropriate corrective actions, and implement measures to ensure that all public officials comply with applicable state and federal laws.

MANAGEMENT'S RESPONSE: The Village is aware of the allegations and subsequent federal indictment of the Chief of Police. The Village has cooperated and will continue to cooperate fully with all state and federal investigative authorities.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

None reported.

Village of Forest Hill, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2024 through June 30, 2025

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor,
And Members of the Board of Aldermen
Of the Village of Forest Hill, Louisiana,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The Village of Forest Hill's management is responsible for those C/C areas identified in the SAUPs.

The Village of Forest Hill has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- iii) **Disbursements**, including processing, reviewing, and approving.
- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

3) *Bank Reconciliations*

- A. Obtained a listing of entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
 - i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
 - ii) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged).
 - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) *Collections (excluding electronic funds transfers)*

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

- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash and observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
 - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii) Traced the deposit slip total to the actual deposit per the bank statement.
 - iv) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v) Traced the actual deposit per the bank statement to the general ledger.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii) At least two employees are involved in processing and approving payments to vendors.
 - iii) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - i) Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - i) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [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.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those

individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii.)

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

8) Contracts

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, that approval was documented).
 - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
 - i) Observed 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 do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.
- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and:
 - i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/ Business Continuity

Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**

- A. Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly selected 5 terminated employees (or all employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:126728. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
 - i) Number and percentage of public servants in the agency who have completed the training requirements.
 - ii) Number of sexual harassment complaints received by the agency.
 - iii) Number of complaints which resulted in a finding that sexual harassment occurred.
 - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions.
 - v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

Exempt from procedures.

Board or Finance Committee:

Exempt from procedures.

Bank Reconciliations:

Exempt from procedures.

Collections:

Employees that are responsible for collecting cash also share cash drawers/registers.

Non-payroll Disbursements:

Exempt from procedures.

Credit Cards/ Debit Cards/ Fuel Cards/ P-Cards:

Procedures were performed, no exceptions noted.

Travel and Travel-Related Expense Reimbursements:

Procedures were performed, no exceptions noted.

Contracts:

Exempt from procedures.

Payroll and Personnel:

Exempt from procedures.

Ethics:

Procedures were performed, no exceptions noted.

Debt Service:

Exempt from procedures.

Fraud Notice:

Exempt from procedures.

Information Technology Disaster Recovery/ Business Continuity:

We performed the procedures and discussed the results with management.

Prevention of Sexual Harassment:

Procedures were performed, no exceptions noted.

Management's Response:

The management of Village of Forest Hill concurs with the exceptions and is working to address the deficiencies identified.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
October 14, 2025