

VILLAGE OF FOREST HILL, LOUISIANA

Financial Report

Year Ended June 30, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 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, 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 budgetary comparison schedules, 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 November 3, 2023, 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
November 3, 2023

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 559,295	\$ 395,295	\$ 954,590
Receivables, net	28,344	91,164	119,508
Internal balances	87,119	(87,119)	-
Prepaid items	-	5,583	5,583
Total current assets	<u>674,758</u>	<u>404,923</u>	<u>1,079,681</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	127,917	127,917
Capital assets:			
Land	104,436	81,131	185,567
Capital assets, net	<u>1,451,242</u>	<u>2,780,821</u>	<u>4,232,063</u>
Total noncurrent assets	<u>1,555,678</u>	<u>2,989,869</u>	<u>4,545,547</u>
Total assets	<u>\$ 2,230,436</u>	<u>\$ 3,394,792</u>	<u>\$ 5,625,228</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	\$ 9,133	\$ 57,434	\$ 66,567
Bond/notes payable - current	8,668	57,705	66,373
Customer deposits payable from restricted assets	-	127,917	127,917
Deferred revenue	-	16,384	16,384
Total current liabilities	<u>17,801</u>	<u>259,440</u>	<u>277,241</u>
Noncurrent liabilities:			
Compensated absences	1,421	4,068	5,489
Bonds/notes payable - noncurrent	<u>139,194</u>	<u>664,390</u>	<u>803,584</u>
Total noncurrent liabilities	<u>140,615</u>	<u>668,458</u>	<u>809,073</u>
Total liabilities	<u>158,416</u>	<u>927,898</u>	<u>1,086,314</u>
NET POSITION			
Net investment in capital assets	1,407,816	2,139,857	3,547,673
Unrestricted	<u>664,204</u>	<u>327,037</u>	<u>991,241</u>
Total net position	<u>\$ 2,072,020</u>	<u>\$ 2,466,894</u>	<u>\$ 4,538,914</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, 2023

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	\$ 237,060	\$ -	\$ -	\$ (237,060)	\$ -	\$ (237,060)
Public safety:						
Police	314,255	447,692	-	133,437	-	133,437
Public works:						
Streets	124,871	-	31,400	(93,471)	-	(93,471)
Interest on long term debts	6,705	-	-	(6,705)	-	(6,705)
Total governmental activities	<u>682,891</u>	<u>447,692</u>	<u>31,400</u>	<u>(203,799)</u>	<u>-</u>	<u>(203,799)</u>
Business-type activities:						
Gas	274,583	236,723	-	-	(37,860)	(37,860)
Water	334,544	464,460	-	-	129,916	129,916
Sewer	190,209	59,168	-	-	(131,041)	(131,041)
Garbage	64,800	54,479	-	-	(10,321)	(10,321)
Interest on long term debts	23,825	-	-	-	(23,825)	(23,825)
Total business-type activities	<u>887,961</u>	<u>814,830</u>	<u>-</u>	<u>-</u>	<u>(73,131)</u>	<u>(73,131)</u>
Total	<u>\$ 1,570,852</u>	<u>\$ 1,262,522</u>	<u>\$ 31,400</u>	<u>(203,799)</u>	<u>(73,131)</u>	<u>(276,930)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				18,181	-	18,181
Sales and use taxes, levied for general purposes				97,182	-	97,182
Franchise taxes				36,877	-	36,877
Grants and contributions not restricted to specific programs				-	246,197	246,197
License and permits				47,077	-	47,077
Interest and investment earnings				766	124	890
Miscellaneous				18,674	12,057	30,731
Transfers				(2,400)	2,400	-
Total general revenues and transfers				<u>216,357</u>	<u>260,778</u>	<u>477,135</u>
Change in net position				12,558	187,647	200,205
Net position - beginning				<u>2,059,462</u>	<u>2,279,247</u>	<u>4,338,709</u>
Net position - ending				<u>\$ 2,072,020</u>	<u>\$ 2,466,894</u>	<u>\$ 4,538,914</u>

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, 2023

General Fund

ASSETS

Cash and interest-bearing deposits	\$ 559,295
Receivables	28,344
Due from other funds	<u>87,119</u>
Total assets	<u>\$ 674,758</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable and other liabilities	<u>\$ 9,133</u>
Fund balances -	
Unassigned	<u>665,625</u>
Total liabilities and fund balances	<u>\$ 674,758</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, 2023

Total fund balances for governmental fund at June 30, 2023 \$ 665,625

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 \$685,425 accumulated depreciation	659,805	
Vehicles, equipment, furniture, net of \$283,091 accumulated depreciation	54,555	
Infrastructure, net of \$351,438 accumulated depreciation	<u>736,882</u>	1,555,678

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

Compensated absences	(1,421)	
Notes payable	<u>(147,862)</u>	<u>(149,283)</u>

Total net position of governmental activities at June 30, 2023 \$ 2,072,020

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended June 30, 2023

	<u>General Fund</u>
Revenues:	
Taxes	\$ 152,240
Licenses and permits	47,077
Intergovernmental	38,300
Fines and forfeits	447,692
Miscellaneous	<u>12,540</u>
Total revenues	<u>697,849</u>
Expenditures:	
Current -	
General government	224,364
Public safety:	
Police	311,100
Public works:	
Streets and facilities	51,739
Capital outlay	50,560
Debt service:	
Principal	8,295
Interest	<u>6,705</u>
Total expenditures	<u>652,763</u>
Excess of revenues over expenditures	<u>45,086</u>
Other financing sources (uses):	
Transfers out	<u>(2,400)</u>
Net changes in fund balances	42,686
Fund balances, beginning	<u>622,939</u>
Fund balances, ending	<u>\$ 665,625</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, 2023

Total net changes in fund balances at June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 42,686
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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, 2023.

Repayment of debt principal	8,295
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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	\$ 50,560
Depreciation expense for the year ended June 30, 2023	<u>(88,983)</u> <u>(38,423)</u>

Total changes in net position at June 30, 2023 per Statement of Activities	<u>\$ 12,558</u>
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VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2023

	Utility Enterprise Fund
	<u> </u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 395,295
Receivables:	
Accounts receivable	58,231
Unbilled utility receivables	32,933
Prepaid gas	<u>5,583</u>
Total current assets	<u>492,042</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	127,917
Capital assets:	
Land	81,131
Other capital assets, net of accumulated depreciation	<u>2,780,821</u>
Total noncurrent assets	<u>2,989,869</u>
Total assets	<u>\$ 3,481,911</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other liabilities	\$ 57,434
Due to other funds	87,119
Notes payable - current	57,705
Payable from restricted assets -	
Customer deposits payable from restricted assets	127,917
Deferred revenue	<u>16,384</u>
Total current liabilities	<u>346,559</u>
Noncurrent liabilities:	
Compensated absences	4,068
Notes payable - noncurrent	<u>664,390</u>
Total noncurrent liabilities	<u>668,458</u>
Total liabilities	<u>1,015,017</u>
NET POSITION	
Net investment in capital assets	2,139,857
Unrestricted	<u>327,037</u>
Total net position	<u>\$ 2,466,894</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, 2023

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 236,723
Water charges	464,460
Sewer charges	59,168
Garbage	54,479
Miscellaneous	<u>12,057</u>
Total operating revenues	<u>826,887</u>
 Operating expenses:	
Salaries	145,930
Payroll taxes	11,163
Retirement expense	1,200
Group health insurance	19,028
Maintenance and repairs	116,794
Professional fees	59,646
Utilities and telephone	70,242
General insurance	32,770
Office expense	18,121
Supplies and parts	23,571
Purchases	81,009
Garbage collection fees	43,049
Auto and truck expense	14,570
Depreciation expense	187,933
Dues and fees	16,332
Meals, lodging and travel	5,157
Miscellaneous	<u>17,621</u>
Total operating expenses	<u>864,136</u>
 Operating loss	 <u>(37,249)</u>

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -
 Proprietary Fund
 For the Year Ended June 30, 2023

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Federal grants	246,197
Interest income	124
Interest expense	<u>(23,825)</u>
Total nonoperating revenues (expenses)	<u>222,496</u>
 Income before contributions and transfers	 185,247
 Transfers in	 <u>2,400</u>
 Change in net position	 187,647
 Net position, beginning	 <u>2,279,247</u>
 Net position, ending	 <u><u>\$ 2,466,894</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, 2023

	Utility Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 820,994
Payments to suppliers	(459,364)
Payments to employees	<u>(177,321)</u>
Net cash provided by operating activities	<u>184,309</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	<u>2,400</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(260,605)
Proceeds from grants	139,763
Deferred revenue	<u>16,384</u>
Net cash used by capital and related financing activities	<u>(104,458)</u>
Cash flows from investing activities:	
Interest on investments	<u>124</u>
Net increase in cash and cash equivalents	82,375
Cash and cash equivalents, beginning of period	<u>377,806</u>
Cash and cash equivalents, end of period	<u>\$ 460,181</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - (Continued)
 For the Year Ended June 30, 2023

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (37,249)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	187,933
Changes in current assets and liabilities:	
Increase in accounts receivable	(12,780)
Increase in unbilled utility receivable	(2,121)
Increase in meter deposits	9,008
Increase in accounts payable and other liabilities	<u>39,518</u>
Total adjustments	<u>221,558</u>
Net cash provided by operating activities	<u>\$ 184,309</u>
Cash and interest-bearing deposits, beginning of period-	
Cash- unrestricted	\$ 321,928
Cash- restricted	118,909
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>377,806</u>
Cash and interest-bearing deposits, end of period-	
Cash- unrestricted	395,295
Cash- restricted	127,917
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>460,181</u>
Net increase in cash and cash equivalents	<u>\$ 82,375</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 as defined in item b. below.

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

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

Basis of Accounting

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

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

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$32,933 at June 30, 2023.

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.

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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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.

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, 2023 the Village had a liability of compensated absences reported from governmental employees of \$1,421 and a liability from business type employees of \$4,068.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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, 2023 the Village had deferred inflows of \$16,384 consisting of deferred federal American Rescue Plan Act revenues to be recognized as revenue when the funds are expended.

Equity Classifications

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

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

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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

- 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.

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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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, 2022 taxes of 4.93 mills were levied on property with assessed valuations totaling \$3,660,530 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.

(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, 2023, the Village had cash and interest-bearing deposits (book balances) totaling \$1,082,507 as follows:

Demand deposits	\$ 911,276
Time deposits	171,231
Total	<u>\$ 1,082,507</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

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, 2023, are secured as follows:

Bank balances	<u>\$ 1,085,398</u>
Federal deposit insurance	\$ 391,224
Uninsured and collateral held by the pledging bank not in the Village's name	<u>694,174</u>
Total	<u>\$ 1,085,398</u>

(5) Receivables

Receivables consisted of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ 58,231	\$ 58,231
Unbilled accounts	-	32,933	32,933
Taxes:			
Sales tax	8,308	-	8,308
Franchise tax	6,490	-	6,490
AMS - Fines	4,408	-	4,408
Insurance Premiums	5,238	-	5,238
DOTD Revenue	<u>3,900</u>	<u>-</u>	<u>3,900</u>
Totals	<u>\$ 28,344</u>	<u>\$ 91,164</u>	<u>\$ 119,508</u>

(6) Restricted Assets

Restricted assets consisted of the following:

Business-Type Activities	
Utility Fund-	
Meter Deposits	<u>\$ 127,917</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(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	\$ 77,436	\$ 27,000	\$ -	\$ 104,436
Other capital assets:				
Buildings and improvements	1,339,530	5,700	-	1,345,230
Vehicles, equipment, furn & fixtures	319,786	17,860	-	337,646
Infrastructure	<u>1,088,320</u>	<u>-</u>	<u>-</u>	<u>1,088,320</u>
Total other capital assets	<u>2,747,636</u>	<u>23,560</u>	<u>-</u>	<u>2,771,196</u>
Less accumulated depreciation				
Buildings and improvements	641,287	44,138	-	685,425
Vehicles, equipment, furn & fixtures	273,472	9,619	-	283,091
Infrastructure	<u>316,212</u>	<u>35,226</u>	<u>-</u>	<u>351,438</u>
Total accumulated depreciation	<u>1,230,971</u>	<u>88,983</u>	<u>-</u>	<u>1,319,954</u>
Total capital assets being depreciated	<u>1,516,665</u>	<u>(65,423)</u>	<u>-</u>	<u>1,451,242</u>
Governmental activities, capital assets, net	<u>\$ 1,594,101</u>	<u>\$ (38,423)</u>	<u>\$ -</u>	<u>\$ 1,555,678</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,696
Police protections	3,155
Streets and public facilities	<u>73,132</u>
Total depreciation expense	<u>\$ 88,983</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	\$ 51,131	\$ 30,000	\$ -	\$ 81,131
Construction in progress	<u>3,725</u>	<u>-</u>	<u>3,725</u>	<u>-</u>
Total capital assets not being depreciated	<u>54,856</u>	<u>30,000</u>	<u>3,725</u>	<u>81,131</u>
Other capital assets:				
Water system	3,295,104	933,278	20,120	4,208,262
Natural gas system	961,466	-	-	961,466
Sewer system	<u>1,761,604</u>	<u>23,147</u>	<u>-</u>	<u>1,784,751</u>
Total other capital assets	<u>6,018,174</u>	<u>956,425</u>	<u>20,120</u>	<u>6,954,479</u>
Less accumulated depreciation				
Water system	2,417,605	99,930	20,120	2,497,415
Natural gas system	696,879	29,537	-	726,416
Sewer system	<u>891,361</u>	<u>58,466</u>	<u>-</u>	<u>949,827</u>
Total accumulated depreciation	<u>4,005,845</u>	<u>187,933</u>	<u>20,120</u>	<u>4,173,658</u>
Total capital assets being depreciated	<u>2,012,329</u>	<u>768,492</u>	<u>-</u>	<u>2,780,821</u>
Business-type activities, capital assets, net	<u>\$ 2,067,185</u>	<u>\$ 798,492</u>	<u>\$ -</u>	<u>\$ 2,861,952</u>

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

Water	\$ 99,930
Gas	29,537
Sewer	<u>58,466</u>
Total depreciation expense	<u>\$ 187,933</u>

(8) Accounts and Other Payables

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 9,133	\$ 34,045	\$ 43,178
Accrued expenses	-	23,390	23,390
Compensated absences	1,421	4,068	5,489
Customer deposits	<u>-</u>	<u>127,917</u>	<u>127,917</u>
Totals	<u>\$ 10,554</u>	<u>\$ 189,420</u>	<u>\$ 199,974</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, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	General Obligation	Note Payable
Long-term debt as of July 1, 2022	\$ 156,157	\$ -
Additions	-	722,095
Retirements	<u>(8,295)</u>	<u>-</u>
Long-term debt as of June 30, 2023	<u>\$ 147,862</u>	<u>\$ 722,095</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.

\$ 147,862

The debt as of June 30, 2023 is due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total payments</u>
2024	\$ 8,668	\$ 6,332	\$ 15,000
2025	9,057	5,943	15,000
2026	9,463	5,537	15,000
2027	9,888	5,112	15,000
2028	10,332	4,668	15,000
2029-2033	59,050	15,950	75,000
2034-2036	<u>41,404</u>	<u>2,818</u>	<u>44,222</u>
Total	<u>\$ 147,862</u>	<u>\$ 46,360</u>	<u>\$ 194,222</u>

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.

\$ 722,095

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

The debt as of June 30, 2023 is due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total payments</u>
2024	\$ 57,705	\$ 35,311	\$ 93,016
2025	60,527	32,489	93,016
2026	63,487	29,529	93,016
2027	66,591	26,425	93,016
2028	69,848	23,168	93,016
2029-2033	<u>403,937</u>	<u>61,140</u>	<u>465,077</u>
Total	<u>\$ 722,095</u>	<u>\$ 208,062</u>	<u>\$ 930,157</u>

(10) 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, 2023. Contributions to the plan during the year ending June 30, 2023 are immaterial to the financial statements as a whole.

(11) Compensation of Village Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2023 follows:

Jerriot Robinson	\$ 2,400
Karen Carroll	2,400
Belinda Spiller	2,400
Garland Carrol	2,400
Danny Perkins	<u>4,800</u>
Total	<u>\$ 14,400</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(12) 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, 2023 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 15,600
Registration fees	<u>135</u>
Total	<u>\$ 15,735</u>

(13) Pending Litigation

At June 30, 2023 the Village was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(14) 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.

(15) Interfund Transactions

A. Interfund receivables and payables consisted of the following at June 30, 2023:

	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General Fund	\$ 87,119	\$ -
Proprietary Fund:		
Utility Fund	<u>-</u>	<u>87,119</u>
Total	<u>\$ 87,119</u>	<u>\$ 87,119</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, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 2,400
Proprietary Fund:		
Enterprise Fund	<u>2,400</u>	<u>-</u>
Total	<u>\$ 2,400</u>	<u>\$ 2,400</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.

(16) On-behalf Payments for Salaries

The Village of Forest Hill receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Village totaled \$6,900 for the fiscal year ending June 30, 2023. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 168,000	\$ 176,600	\$ 152,240	\$ (24,360)
Licenses and permits	30,000	38,400	47,077	8,677
Intergovernmental	23,800	15,000	38,300	23,300
Fines and forfeits	388,000	453,000	447,692	(5,308)
Miscellaneous	2,000	10,654	12,540	1,886
Total revenues	<u>611,800</u>	<u>693,654</u>	<u>697,849</u>	<u>4,195</u>
Expenditures:				
Current -				
General government	342,580	281,862	224,364	57,498
Public safety:				
Police	288,038	303,010	311,100	(8,090)
Public works:				
Streets	50,000	53,300	51,739	1,561
Capital outlay	-	-	50,560	(50,560)
Debt service:				
Principal	15,000	15,000	8,295	6,705
Interest	-	-	6,705	(6,705)
Total expenditures	<u>695,618</u>	<u>653,172</u>	<u>652,763</u>	<u>409</u>
Excess (deficiency) of revenues over expenditures	<u>(83,818)</u>	<u>40,482</u>	<u>45,086</u>	<u>4,604</u>
Other financing sources :				
Transfer to the Utility Fund	-	-	(2,400)	2,400
Total other financing sources	<u>-</u>	<u>-</u>	<u>(2,400)</u>	<u>2,400</u>
Net change in fund balance	(83,818)	40,482	42,686	7,004
Fund balance, beginning	<u>622,939</u>	<u>622,939</u>	<u>622,939</u>	<u>-</u>
Fund balance, ending	<u>\$ 539,121</u>	<u>\$ 663,421</u>	<u>\$ 665,625</u>	<u>\$ 7,004</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

- a) Prior to June 15, the 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.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position

June 30, 2023

With Comparative Totals for June 30, 2022

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 559,295	\$ 395,295	\$ 954,590	\$ 839,860
Investments				
Receivables, net	28,344	91,164	119,508	115,058
Internal balances	87,119	(87,119)	-	-
Prepaid items	-	5,583	5,583	5,583
Total current assets	<u>674,758</u>	<u>404,923</u>	<u>1,079,681</u>	<u>960,501</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	127,917	127,917	118,909
Capital assets:				
Land	104,436	81,131	185,567	128,567
Construction in progress	-	-	-	3,725
Capital assets, net	<u>1,451,242</u>	<u>2,780,821</u>	<u>4,232,063</u>	<u>3,528,994</u>
Total noncurrent assets	<u>1,555,678</u>	<u>2,989,869</u>	<u>4,545,547</u>	<u>3,780,195</u>
Total assets	<u>\$ 2,230,436</u>	<u>\$ 3,394,792</u>	<u>\$ 5,625,228</u>	<u>\$ 4,740,696</u>
LIABILITIES				
Current liabilities:				
Accounts payables and other liabilities	\$ 9,133	\$ 57,434	\$ 66,567	\$ 14,998
Bonds/notes payable- current	8,668	57,705	66,373	8,295
Deferred revenue	-	16,384	16,384	106,434
Customer deposits payable	-	127,917	127,917	118,909
Total current liabilities	<u>17,801</u>	<u>259,440</u>	<u>277,241</u>	<u>248,636</u>
Noncurrent liabilities:				
Compensated absences	1,421	4,068	5,489	5,489
Bonds/notes payable- noncurrent	<u>139,194</u>	<u>664,390</u>	<u>803,584</u>	<u>147,862</u>
Total noncurrent liabilities	<u>140,615</u>	<u>668,458</u>	<u>809,073</u>	<u>153,351</u>
Total liabilities	<u>158,416</u>	<u>927,898</u>	<u>1,086,314</u>	<u>401,987</u>
NET POSITION				
Net investment in capital assets	1,407,816	2,139,857	3,547,673	3,505,129
Unrestricted	<u>664,204</u>	<u>327,037</u>	<u>991,241</u>	<u>833,580</u>
Total net position	<u>\$ 2,072,020</u>	<u>\$ 2,466,894</u>	<u>\$ 4,538,914</u>	<u>\$ 4,338,709</u>

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Balance Sheet
 General Fund
 June 30, 2023 and 2022

	General	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and interest-bearing deposits	\$ 559,295	\$ 517,932
Receivables	28,344	38,795
Due from other funds	87,119	72,455
Total assets	<u>\$ 674,758</u>	<u>\$ 629,182</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	<u>\$ 9,133</u>	<u>\$ 6,243</u>
Fund balances -		
Unassigned	<u>665,625</u>	<u>622,939</u>
Total liabilities and fund balances	<u>\$ 674,758</u>	<u>\$ 629,182</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2023
With Actual Amounts For the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 15,000	\$ 18,200	\$ 18,181	\$ (19)	\$ 16,469
Sales tax	120,000	120,000	97,182	(22,818)	115,706
Franchise taxes	33,000	38,400	36,877	(1,523)	34,334
Total taxes	<u>168,000</u>	<u>176,600</u>	<u>152,240</u>	<u>(24,360)</u>	<u>166,509</u>
Licenses and permits	<u>30,000</u>	<u>38,400</u>	<u>47,077</u>	<u>8,677</u>	<u>40,308</u>
Intergovernmental:					
State of Louisiana -					
On behalf payments	6,000	7,200	6,900	(300)	6,000
Grass cutting	7,800	7,800	7,800	-	11,700
Other	10,000	-	23,600	23,600	-
Total intergovernmental	<u>23,800</u>	<u>15,000</u>	<u>38,300</u>	<u>23,300</u>	<u>17,700</u>
Fines and forfeits	<u>388,000</u>	<u>453,000</u>	<u>447,692</u>	<u>(5,308)</u>	<u>394,040</u>
Miscellaneous:					
Interest income	-	-	766	766	1,507
Other sources	<u>2,000</u>	<u>10,654</u>	<u>11,774</u>	<u>1,120</u>	<u>25,131</u>
Total miscellaneous	<u>2,000</u>	<u>10,654</u>	<u>12,540</u>	<u>1,886</u>	<u>26,638</u>
Total revenues	<u>\$ 611,800</u>	<u>\$ 693,654</u>	<u>\$ 697,849</u>	<u>\$ 4,195</u>	<u>\$ 645,195</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2023
With Actual Amounts for the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Salaries	\$ 92,000	\$ 110,400	\$ 90,011	\$ 20,389	\$ 88,317
Payroll taxes	9,180	8,500	5,056	3,444	4,013
Retirement	-	1,200	(1,250)	2,450	(1,250)
General insurance	15,000	622	622	-	8,508
Group health insurance	900	1,175	866	309	936
Professional fees	80,000	25,450	27,131	(1,681)	51,972
Office expenditures	15,000	22,100	22,043	57	13,781
Dues and subscriptions	1,500	860	855	5	817
Training and education	5,000	3,325	3,319	6	3,090
Utilities	60,000	54,425	53,761	664	47,162
Animal control expense	2,000	150	122	28	796
Town park expense	10,000	1,030	1,028	2	1,087
Maintenance and repairs	50,000	23,725	17,995	5,730	99,554
Miscellaneous	2,000	28,900	2,805	26,095	21,858
Total general government	<u>342,580</u>	<u>281,862</u>	<u>224,364</u>	<u>57,498</u>	<u>340,641</u>
Public safety -					
Police:					
Salaries	125,000	139,000	137,618	1,382	115,425
Payroll taxes	7,038	10,710	18,332	(7,622)	16,307
On behalf salaries	6,000	7,200	6,900	300	6,000
Group health insurance	30,000	20,300	9,272	11,028	1,949
Commercial insurance	-	-	574	(574)	6,143
Conventions and conferences	2,000	3,100	3,079	21	512
Gasoline expense	12,000	10,650	10,615	35	11,441
Magistrate expense	25,000	22,300	22,139	161	7,029
Police department expense	45,000	36,550	70,584	(34,034)	70,921
Repairs and maintenance	10,000	22,900	13,770	9,130	5,939
Telephone	25,000	26,100	14,092	12,008	11,676
Uniforms	1,000	4,200	4,125	75	935
Total public safety	<u>288,038</u>	<u>303,010</u>	<u>311,100</u>	<u>(8,090)</u>	<u>254,277</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2023
With Actual Amounts for the Year Ended June 30, 2022

	2023				
	Budget		Actual	Variance with Final Budget Positive (Negative)	2022 Actual
	Original	Final			
Public works-					
Streets and facilities	50,000	53,300	51,739	1,561	27,687
Total public works	50,000	53,300	51,739	1,561	27,687
Capital outlay	-	-	50,560	(50,560)	28,109
Total capital outlay	-	-	50,560	(50,560)	28,109
Debt service:					
Principal	15,000	15,000	8,295	6,705	7,938
Interest	-	-	6,705	(6,705)	7,062
Total debt service	15,000	15,000	15,000	-	15,000
Total expenditures	\$ 695,618	\$ 653,172	\$ 652,763	\$ 409	\$ 665,714

VILLAGE OF FOREST HILL, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2023 and 2022

Records maintained by the Village indicated the following number of customers were being serviced during the months of June, 2023 and 2022:

<u>Department</u>	<u>2023</u>	<u>2022</u>
Water (metered)	1,177	1,162
Sewer	117	115
Gas	447	434
Sanitation	245	252

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Statement of Net Position
 Proprietary Fund
 June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 395,295	\$ 321,928
Receivables:		
Accounts receivable	58,231	45,451
Unbilled utility receivables	32,933	30,812
Prepaid gas	<u>5,583</u>	<u>5,583</u>
Total current assets	<u>492,042</u>	<u>403,774</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	127,917	118,909
Capital assets:		
Land	81,131	51,131
Construction in progress	-	3,725
Other capital assets, net of accumulated depreciation	<u>2,780,821</u>	<u>2,012,329</u>
Total noncurrent assets	<u>2,989,869</u>	<u>2,186,094</u>
Total assets	<u>\$ 3,481,911</u>	<u>\$ 2,589,868</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	\$ 57,434	\$ 8,755
Due to other funds	87,119	72,455
Notes payable - current	57,705	-
Deferred revenue	16,384	106,434
Customer deposits payable from restricted assets	<u>127,917</u>	<u>118,909</u>
Total current liabilities	<u>346,559</u>	<u>306,553</u>
Noncurrent liabilities:		
Compensated absences	4,068	4,068
Bonds/notes payable-noncurrent	<u>664,390</u>	<u>-</u>
Total noncurrent liabilities	<u>668,458</u>	<u>4,068</u>
Total liabilities	<u>1,015,017</u>	<u>310,621</u>
NET POSITION		
Net investment in capital assets	2,139,857	2,067,185
Unrestricted	<u>327,037</u>	<u>212,062</u>
Total net position	<u>\$ 2,466,894</u>	<u>\$ 2,279,247</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, 2023 and 2022

	Total		Gas	
	2023	2022	2023	2022
Operating revenues:				
Customer service charges	\$ 814,830	\$ 778,271	\$ 236,723	\$ 249,476
Other	<u>12,057</u>	<u>8,314</u>	<u>6,061</u>	<u>6,800</u>
Total operating revenues	<u>826,887</u>	<u>786,585</u>	<u>242,784</u>	<u>256,276</u>
Operating expenses:				
Salaries	145,930	150,816	46,933	45,950
Payroll taxes	11,163	11,708	2,827	1,807
Retirement	1,200	1,200	-	-
Group health insurance	19,028	20,056	8,325	8,124
Maintenance and repairs	116,794	191,160	39,061	97,536
Professional fees	59,646	35,337	15,118	15,614
Utilities and telephone	70,242	64,621	23,241	21,506
General insurance	32,770	41,932	11,042	15,259
Office expense	18,121	17,754	7,430	6,894
Supplies and parts	23,571	23,240	838	13
Purchases	81,009	77,515	81,009	77,515
Garbage collection fees	43,049	42,876	-	-
Auto and truck expense	14,570	19,094	4,870	5,620
Depreciation expense	187,933	152,819	29,537	29,432
Dues and fees	16,332	17,271	2,553	722
Meals, lodging and travel	5,157	6,253	1,386	2,555
Miscellaneous	<u>17,621</u>	<u>6,467</u>	<u>413</u>	<u>504</u>
Total operating expenses	<u>864,136</u>	<u>880,119</u>	<u>274,583</u>	<u>329,051</u>
Operating income (loss)	<u>(37,249)</u>	<u>(93,534)</u>	<u>\$ (31,799)</u>	<u>\$ (72,775)</u>
Nonoperating revenues (expenses):				
Federal grants	246,197	49,713		
State grants	-	14,667		
Interest income	124	852		
Interest expense	<u>(23,825)</u>	<u>(249)</u>		
Total nonoperating revenues (expenses)	<u>222,496</u>	<u>64,983</u>		
Income before contributions and transfers	<u>185,247</u>	<u>(28,551)</u>		
Transfers in (out)	<u>2,400</u>	<u>2,400</u>		
Change in net position	187,647	(26,151)		
Net position, beginning	<u>2,279,247</u>	<u>2,305,398</u>		
Net position, ending	<u>\$ 2,466,894</u>	<u>\$ 2,279,247</u>		

Water		Sewer		Sanitation	
2023	2022	2023	2022	2023	2022
\$ 464,460	\$ 416,816	\$ 59,168	\$ 57,990	\$ 54,479	\$ 53,989
5,996	1,514	-	-	-	-
<u>470,456</u>	<u>418,330</u>	<u>59,168</u>	<u>57,990</u>	<u>54,479</u>	<u>53,989</u>
54,750	56,267	41,094	44,204	3,153	4,395
5,293	6,302	2,802	3,263	241	336
1,200	1,200	-	-	-	-
9,895	10,256	808	1,676	-	-
48,847	72,826	28,886	20,798	-	-
19,676	10,794	6,495	8,921	18,357	8
23,580	21,609	23,421	21,506	-	-
12,108	18,353	9,620	8,320	-	-
7,364	7,648	3,327	3,212	-	-
21,679	22,995	1,054	232	-	-
-	-	-	-	-	-
-	-	-	-	43,049	42,876
4,850	7,868	4,850	5,606	-	-
99,930	67,198	58,466	56,189	-	-
12,220	16,549	1,559	-	-	-
3,072	2,253	699	1,445	-	-
10,080	2,710	7,128	3,253	-	-
<u>334,544</u>	<u>324,828</u>	<u>190,209</u>	<u>178,625</u>	<u>64,800</u>	<u>47,615</u>
<u>\$ 135,912</u>	<u>\$ 93,502</u>	<u>\$ (131,041)</u>	<u>\$ (120,635)</u>	<u>\$ (10,321)</u>	<u>\$ 6,374</u>

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, 2023

	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 6/30/2023
Beginning balance of amounts collected	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Court Costs/Fees	<u>179,097</u>	<u>269,996</u>
Less: Disbursements to Governments and Nonprofits		
CMIS - Treasurer, State of La – CMIS	15,403	32,097
Crime Stoppers – Crime Stoppers of Cenla, Inc.	748	1,492
Spinal Cord – DHH-TH/SCI T.F.	1,100	2,555
Law Enforcement – La Commission of Law Enforcement	735	1,544
Supreme Court – La. Supreme Court (La Judicial College Form A)	184	386
Crime Lab – North La Criminalistics Laboratory	8,440	18,880
Less: Amounts retained by collecting agency		
Criminal Court Costs/Fees	<u>152,487</u>	<u>213,042</u>
Total disbursements	<u>179,097</u>	<u>269,996</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

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

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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 3, 2023.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 3, 2023

VILLAGE OF FOREST HILL, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2023

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

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

CONDITION: The Village of Forest Hill does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Resolved.

B. Compliance and other matters

2022-002 Budget Compliance

Fiscal year finding initially occurred: 2022

CONDITION: A budget variance occurred in the General Fund when total actual expenditures exceeded budgeted expenditures by more than 5%.

RECOMMENDATION: The Village should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

CURRENT STATUS: Resolved.

Village of Forest Hill, Louisiana
Forest Hill, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2022 through June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor,
and Board of Alderman,
Village of Forest Hill, 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, 2022, through June 30, 2023. The Village of Forest Hill 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 LLA’s SAUPs for the fiscal period July 1, 2022, through June 30, 2023. Additionally, 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 document 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.

We performed the procedures and discussed the results with management.

- xii) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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 observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-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, we 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, we observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative assigned fund balance in the general fund.
 - iv) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtained a listing of client 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 (e.g., initialed and dated, electronically logged); and
 - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's 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. 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 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, was approval 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 observe 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 does 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 or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee or official's personnel files, and agree 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 obtain ethics documentation from management, and
 - i Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe 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, as required by Article VII, Section 8 of the Louisiana Constitution, was obtained for each debt instrument issued.
- 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

- A. Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**
 - i) 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 occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.
 - ii) 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.
 - iii) 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.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C.

Observe evidence that the selected terminated employees have been removed from or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employee/officials from Payroll and Personnel procedures #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- 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, and
 - 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:

Board Program:

The Village of Forest Hill's Board members did not receive written updates of the progress of resolving audit findings according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Cash Collections:

The Village of Forest Hill's collection clerks have the ability to share cash drawers.

Management's Response:

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

We were engaged by the 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 the Village of Forest Hill and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
November 3, 2023