

**VILLAGE OF FOREST HILL, LOUISIANA**

Financial Report

Year Ended June 30, 2019

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances- governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in fund net position - proprietary fund	15-16
Statement of cash flows - proprietary fund	17-18
Notes to basic financial statements	19-33
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	35
Notes to required supplementary information	36

(continued)

## TABLE OF CONTENTS

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Statement of net position - compared to prior year totals	38
General Fund - comparative balance sheet	39
Major Governmental Funds - budgetary comparison schedules with comparative actual amounts for the prior year	
General Fund - budgetary comparison schedule - revenues	40
General Fund - budgetary comparison schedule - expenditures	41-42
Schedule of number of utility customers (unaudited)	43
Comparative statement of net position - enterprise fund	44
Comparative statement of revenues, expenses, and changes in fund net position - enterprise fund	45-46
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	48-49
Schedule of current and prior year audit findings and management's corrective action plan	50-51

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana, (the Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana, as of June 30, 2019 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forest Hill, Louisiana's basic financial statements. The other supplementary information on pages 38 through 46 is presented for purposes of additional analysis and is not a required part of the financial statements.

The comparative statements on pages 44 through 46 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statement of net position-compared to prior year totals on page 38, budgetary comparison schedules on pages 40 through 42 and the schedule of number of utility customers on page 43 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

In accordance with *Government Auditing Standards*, we have issued our report dated November 5, 2019, 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 5, 2019

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 382,536	\$ 259,272	\$ 641,808
Receivables, net	14,382	76,546	90,928
Due from other governmental agencies	-	8,915	8,915
Internal balances	65,207	(65,207)	-
Prepaid items	-	5,583	5,583
Total current assets	<u>462,125</u>	<u>285,109</u>	<u>747,234</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	87,559	87,559
Capital assets:			
Land	77,436	51,131	128,567
Capital assets, net	<u>1,767,773</u>	<u>2,263,226</u>	<u>4,030,999</u>
Total noncurrent assets	<u>1,845,209</u>	<u>2,401,916</u>	<u>4,247,125</u>
Total assets	<u>\$ 2,307,334</u>	<u>\$ 2,687,025</u>	<u>\$ 4,994,359</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	\$ 2,911	\$ 61,041	\$ 63,952
Bond/notes payable - current	7,290	7,609	14,899
Customer deposits payable from restricted assets	-	87,559	87,559
Total current liabilities	<u>10,201</u>	<u>156,209</u>	<u>166,410</u>
Noncurrent liabilities:			
Compensated absences	2,195	6,957	9,152
Bonds/notes payable - noncurrent	<u>171,755</u>	<u>17,228</u>	<u>188,983</u>
Total noncurrent liabilities	<u>173,950</u>	<u>24,185</u>	<u>198,135</u>
Total liabilities	<u>184,151</u>	<u>180,394</u>	<u>364,545</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,666,164	2,289,520	3,955,684
Unrestricted	<u>457,019</u>	<u>217,111</u>	<u>674,130</u>
Total net position	<u>\$ 2,123,183</u>	<u>\$ 2,506,631</u>	<u>\$ 4,629,814</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, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 234,828	\$ -	\$ -	\$ -	\$ (234,828)	\$ -	\$ (234,828)
Public safety:							
Police	307,226	530,103	-	-	222,877	-	222,877
Fire	-	-	-	-	-	-	-
Public works:							
Streets	72,660	-	7,800	25,000	(39,860)	-	(39,860)
Interest on long term debts	8,001	-	-	-	(8,001)	-	(8,001)
Total governmental activities	<u>622,715</u>	<u>530,103</u>	<u>7,800</u>	<u>25,000</u>	<u>(59,812)</u>	<u>-</u>	<u>(59,812)</u>
<b>Business-type activities:</b>							
Gas	230,860	231,030	-	8,915	-	9,085	9,085
Water	406,058	391,280	-	13,000	-	(1,778)	(1,778)
Sewer	166,123	53,165	-	-	-	(112,958)	(112,958)
Garbage	49,374	50,523	-	-	-	1,149	1,149
Interest on long term debts	1,308	-	-	-	-	(1,308)	(1,308)
Total business-type activities	<u>853,723</u>	<u>725,998</u>	<u>-</u>	<u>21,915</u>	<u>-</u>	<u>(105,810)</u>	<u>(105,810)</u>
Total	<u>\$ 1,476,438</u>	<u>\$ 1,256,101</u>	<u>\$ 7,800</u>	<u>\$ 46,915</u>	<u>(59,812)</u>	<u>(105,810)</u>	<u>(165,622)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					13,882	-	13,882
Sales and use taxes, levied for general purposes					80,813	-	80,813
Franchise taxes					31,839	-	31,839
License and permits					87,292	-	87,292
Interest and investment earnings					-	20	20
Miscellaneous					28,879	40,448	69,327
Gain on sale/disposal of assets					-	1,440	1,440
Transfers					(2,400)	2,400	-
Total general revenues and transfers					<u>240,305</u>	<u>44,308</u>	<u>284,613</u>
Change in net position					180,493	(61,502)	118,991
Net position - beginning					<u>1,942,690</u>	<u>2,568,133</u>	<u>4,510,823</u>
Net position - ending					<u>\$ 2,123,183</u>	<u>\$ 2,506,631</u>	<u>\$ 4,629,814</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

### **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, 2019

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 382,536
Receivables	14,382
Due from other funds	<u>65,207</u>
Total assets	<u>\$ 462,125</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and other liabilities	<u>\$ 2,911</u>
Fund balances -	
Unassigned	<u>459,214</u>
Total liabilities and fund balances	<u>\$ 462,125</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, 2019

Total fund balances for governmental fund at June 30, 2019		\$ 459,214
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 77,436	
Buildings and improvements, net of \$515,280 accumulated depreciation	807,033	
Vehicles, equipment, furniture, net of \$220,493 accumulated depreciation	82,954	
Infrastructure, net of \$210,534 accumulated depreciation	<u>877,786</u>	1,845,209
Long-term liabilities that are excluded from governmental funds are included in the government wide statements.		
Compensated absences	(2,195)	
Notes payable	<u>(179,045)</u>	<u>(181,240)</u>
Total net position of governmental activities at June 30, 2019		<u>\$2,123,183</u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds  
 For the Year Ended June 30, 2019

	<u>General Fund</u>
Revenues:	
Taxes	\$ 126,534
Licenses and permits	87,292
Intergovernmental	42,567
Fines and forfeits	530,103
Miscellaneous	<u>19,112</u>
Total revenues	<u>805,608</u>
Expenditures:	
Current -	
General government	225,635
Public safety:	
Police	282,092
Public works:	
Streets and facilities	2,733
Capital outlay	58,015
Debt service:	
Principal	6,999
Interest	<u>8,001</u>
Total expenditures	<u>583,475</u>
Excess of revenues over expenditures	<u>222,133</u>
Other financing sources (uses):	
Transfers out	<u>(2,400)</u>
Net changes in fund balances	219,733
Fund balances, beginning	<u>239,481</u>
Fund balances, ending	<u>\$ 459,214</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, 2019

Total net changes in fund balances at June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ 219,733
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, 2019.			
Repayment of debt principal			6,999
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		\$ 58,015	
Depreciation expense for the year ended June 30, 2019		<u>(104,258)</u>	(46,243)
Excess of compensated absences earned over compensated absences used.			<u>4</u>
Total changes in net position at June 30, 2019 per Statement of Activities			<u>\$ 180,493</u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2019

	<u>Utility Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 259,272
Receivables:	
Accounts receivable	52,564
Unbilled utility receivables	23,982
Due from other governmental agencies	8,915
Prepaid gas	<u>5,583</u>
Total current assets	<u>350,316</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	87,559
Capital assets:	
Land	51,131
Other capital assets, net of accumulated depreciation	<u>2,263,226</u>
Total noncurrent assets	<u>2,401,916</u>
Total assets	<u><u>\$ 2,752,232</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and other liabilities	\$ 61,041
Due to other funds	65,207
Notes payable - current	7,609
Customer deposits payable from restricted assets	<u>87,559</u>
Total current liabilities	<u>221,416</u>
Noncurrent liabilities:	
Compensated absences	6,957
Notes payable - noncurrent	<u>17,228</u>
Total noncurrent liabilities	<u>24,185</u>
Total liabilities	<u>245,601</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,289,520
Unrestricted	<u>217,111</u>
Total net position	<u><u>\$ 2,506,631</u></u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Fund  
 For the Year Ended June 30, 2019

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 231,030
Water charges	391,280
Sewer charges	53,165
Garbage	50,523
Miscellaneous	<u>40,448</u>
Total operating revenues	<u>766,446</u>
 Operating expenses:	
Salaries	176,638
Payroll taxes	13,569
Retirement expense	2,400
Group health insurance	18,697
Maintenance and repairs	121,548
Professional fees	33,387
Utilities and telephone	52,915
General insurance	49,100
Office expense	19,757
Supplies and parts	27,823
Purchases	63,328
Garbage collection fees	42,320
Auto and truck expense	8,463
Depreciation expense	193,925
Dues and fees	13,942
Contract services	3,275
Meals, lodging and travel	5,186
Miscellaneous	<u>6,142</u>
Total operating expenses	<u>852,415</u>
 Operating loss	 <u>(85,969)</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -  
 Proprietary Fund  
 For the Year Ended June 30, 2019

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	20
Interest expense	(1,308)
Loss on disposal of assets	<u>1,440</u>
Total nonoperating revenues (expenses)	<u>152</u>
 Loss before contributions and transfers	 (85,817)
Capital contributions	21,915
Transfers in	<u>2,400</u>
 Change in net position	 (61,502)
Net position, beginning	<u>2,568,133</u>
Net position, ending	<u>\$ 2,506,631</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, 2019

	<u>Utility Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 765,709
Payments to suppliers	(403,666)
Payments to employees	<u>(211,304)</u>
Net cash provided by operating activities	<u>150,739</u>
Cash flows from noncapital financing activities:	
Customer deposits	6,205
Cash paid to other funds	(930)
Transfers from other funds	<u>2,400</u>
Net cash provided by noncapital financing activities	<u>7,675</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(6,675)
Interest paid on notes payable	(1,308)
Acquisition of property, plant and equipment	<u>(51,367)</u>
Net cash used by capital and related financing activities	<u>(59,350)</u>
Cash flows from investing activities:	
Proceeds from sale of assets	1,440
Interest on investments	<u>20</u>
Net cash provided by investing activities	<u>1,460</u>
Net increase in cash and cash equivalents	100,524
Cash and cash equivalents, beginning of period	<u>183,276</u>
Cash and cash equivalents, end of period	<u>\$ 283,800</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund - (Continued)  
 For the Year Ended June 30, 2019

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	\$ (85,969)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	193,925
Changes in current assets and liabilities:	
Increase in accounts receivable	(737)
Decrease in prepaid gas	2,170
Increase in accounts payable and other liabilities	<u>41,350</u>
Total adjustments	<u>236,708</u>
Net cash provided by operating activities	<u>\$ 150,739</u>
Cash and interest-bearing deposits, beginning of period-	
Cash- unrestricted	\$ 164,953
Cash- restricted	81,354
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>183,276</u>
Cash and interest-bearing deposits, end of period-	
Cash- unrestricted	259,272
Cash- restricted	87,559
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>283,800</u>
Net increase	<u>\$ 100,524</u>
Supplemental disclosure of cash flow information:	
Assets acquired through note payable	<u>\$ 31,512</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, 2019. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$23,982 at June 30, 2019.

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, 2019 the Village had a liability of compensated absences reported from governmental employees of \$2,195 and a liability from business type employees of \$6,957.

## 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. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2019.

#### 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

G. Capitalization of Interest Expense

It is the policy of the Village of Forest Hill to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2019, there was no borrowing for assets under construction and no capitalized interest expense was recorded on the books.

H. Use of Estimates

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

(2) Ad Valorem Taxes

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

For the year ended December 31, 2018 taxes of 4.93 mills were levied on property with assessed valuations totaling \$2,818,296 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, 2019, the Village had cash and interest-bearing deposits (book balances) totaling \$729,367 as follows:

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

Demand deposits	\$ 645,558
Time deposits	<u>83,809</u>
Total	<u>\$ 729,367</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The Village does not have a policy for custodial credit risk; however, under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance (FDIC) or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Village or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2019, are secured as follows:

Bank balances	<u>\$ 746,268</u>
Federal deposit insurance	\$ 333,936
Uninsured and collateral held by the pledging bank not in the Village's name	<u>412,332</u>
Total	<u>\$ 746,268</u>

(5) Receivables

Receivables consisted of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ 52,564	\$ 52,564
Unbilled accounts	-	23,982	23,982
Taxes:			
Sales tax	6,997	-	6,997
Franchise tax	6,235	-	6,235
Occupational license	<u>1,150</u>	<u>-</u>	<u>1,150</u>
Totals	<u>\$ 14,382</u>	<u>\$ 76,546</u>	<u>\$ 90,928</u>

(6) Restricted Assets

Restricted assets consisted of the following:

Business-Type Activites	
Utility Fund-	
Meter Deposits	<u>\$ 87,559</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	\$ -	\$ -	\$ 77,436
Other capital assets:				
Buildings and improvements	1,322,313	-	-	1,322,313
Vehicles, equipment, furn & fixtures	288,282	15,165	-	303,447
Equipment and vehicles	<u>1,045,470</u>	<u>42,850</u>	<u>-</u>	<u>1,088,320</u>
Total other capital assets	<u>2,656,065</u>	<u>58,015</u>	<u>-</u>	<u>2,714,080</u>
Less accumulated depreciation				
Buildings and improvements	471,859	43,421	-	515,280
Vehicles, equipment, furn & fixtures	190,657	29,836	-	220,493
Equipment and vehicles	<u>179,533</u>	<u>31,001</u>	<u>-</u>	<u>210,534</u>
Total accumulated depreciation	<u>842,049</u>	<u>104,258</u>	<u>-</u>	<u>946,307</u>
Total capital assets being depreciated	<u>1,814,016</u>	<u>(46,243)</u>	<u>-</u>	<u>1,767,773</u>
Governmental activities, capital assets, net	<u>\$ 1,891,452</u>	<u>\$ (46,243)</u>	<u>\$ -</u>	<u>\$ 1,845,209</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,218
Police protections	25,113
Streets and public facilities	<u>69,927</u>
Total depreciation expense	<u>\$ 104,258</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 51,131	\$ -	\$ -	\$ 51,131
Other capital assets:				
Water system	3,164,458	25,842	11,147	3,179,153
Natural gas system	918,203	25,842	11,147	932,898
Sewer system	<u>1,642,122</u>	<u>31,195</u>	<u>-</u>	<u>1,673,317</u>
Total other capital assets	<u>5,724,783</u>	<u>82,879</u>	<u>22,294</u>	<u>5,785,368</u>
Less accumulated depreciation				
Water system	2,084,887	110,004	11,147	2,183,744
Natural gas system	591,085	30,307	11,147	610,245
Sewer system	<u>674,539</u>	<u>53,614</u>	<u>-</u>	<u>728,153</u>
Total accumulated depreciation	<u>3,350,511</u>	<u>193,925</u>	<u>22,294</u>	<u>3,522,142</u>
Total capital assets being depreciated	<u>2,374,272</u>	<u>(111,046)</u>	<u>-</u>	<u>2,263,226</u>
Business-type activities, capital assets, net	<u>\$ 2,425,403</u>	<u>\$ (111,046)</u>	<u>\$ -</u>	<u>\$ 2,314,357</u>

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

Water	\$ 110,004
Gas	30,307
Sewer	<u>53,614</u>
Total depreciation expense	<u>\$ 193,925</u>

(8) Accounts and Other Payables

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts payable	\$ 2,430	\$ 60,894	\$ 63,324
Accrued expenses	481	147	628
Compensated absences	2,195	6,957	9,152
Customer deposits	<u>-</u>	<u>87,559</u>	<u>87,559</u>
Totals	<u>\$ 5,106</u>	<u>\$ 155,557</u>	<u>\$ 160,663</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, 2019:

	<u>Governmental Activities General Obligation</u>	<u>Business-Type Activities Note Payable</u>
Long-term debt as of July 1, 2018	\$ 186,044	\$ -
Additions	-	31,512
Retirements	<u>(6,999)</u>	<u>(6,675)</u>
Long-term debt as of June 30, 2019	<u>\$ 179,045</u>	<u>\$ 24,837</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. \$ 179,045

The debt as of June 30, 2019 is due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total payments</u>
2020	\$ 7,290	\$ 7,710	\$ 15,000
2021	7,616	7,384	15,000
2022	7,957	7,043	15,000
2023	8,313	6,687	15,000
2024-2028	47,491	27,509	75,000
2029-2033	59,116	15,884	75,000
2034-2036	<u>41,262</u>	<u>2,793</u>	<u>44,055</u>
Total	<u>\$ 179,045</u>	<u>\$ 75,010</u>	<u>\$ 254,055</u>

Business-Type Activities:

Note payable –

\$31,512 equipment lease dated August 3, 2018 due in monthly installments of \$726, including interest of 5%, through August 3, 2022, payable from utility fund revenues. \$ 24,837

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

The debt as of June 30, 2019 is due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total payments</u>
2020	\$ 7,609	\$ 1,100	\$ 8,709
2021	7,998	711	8,709
2022	8,407	302	8,709
2023	<u>845</u>	<u>9</u>	<u>854</u>
Total	<u>\$ 24,837</u>	<u>\$ 2,122</u>	<u>\$ 26,981</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, 2019. Contributions to the plan during the year ending June 30, 2019 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, 2019 follows:

Aldermen:

Jerriot Robinson	\$ 4,800
Karen Carroll	2,400
Anna Cloud	2,400
Danny Perkins	2,400
Stacy Danzy	<u>2,400</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, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 15,600
Conference travel	279
Registration fees	100
Total	<u>\$ 15,979</u>

(13) Pending Litigation

At June 30, 2019 the Village is involved in a lawsuit claiming damages. In the opinion of the Village's legal counsel, there will be no liability to the Village in excess of insurance coverage.

(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, 2019:

	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General Fund	\$ 65,207	\$ -
Proprietary Fund:		
Utility Fund	<u>-</u>	<u>65,207</u>
Total	<u>\$ 65,207</u>	<u>\$ 65,207</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, 2019:

	<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 \$9,767 for the fiscal year ending June 30, 2019. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(17) Subsequent Event Review

The Village's management has evaluated subsequent events through the date of the Independent Auditor's Report, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 107,000	\$ 130,539	\$ 126,534	\$ (4,005)
Licenses and permits	25,000	77,961	87,292	9,331
Intergovernmental	19,800	12,589	42,567	29,978
Fines and forfeits	550,000	523,339	530,103	6,764
Miscellaneous	<u>2,055</u>	<u>18,812</u>	<u>19,112</u>	<u>300</u>
Total revenues	<u>703,855</u>	<u>763,240</u>	<u>805,608</u>	<u>42,368</u>
Expenditures:				
Current -				
General government	386,597	198,603	225,635	(27,032)
Public safety:				
Police	345,500	303,553	282,092	21,461
Public Works:				
Streets	40,000	-	2,733	(2,733)
Capital outlay	-	58,015	58,015	-
Debt Service:				
Principal	7,000	6,833	6,999	(166)
Interest	<u>8,000</u>	<u>8,167</u>	<u>8,001</u>	<u>166</u>
Total expenditures	<u>787,097</u>	<u>575,171</u>	<u>583,475</u>	<u>(8,304)</u>
Excess (deficiency) of revenues over expenditures	<u>(83,242)</u>	<u>188,069</u>	<u>222,133</u>	<u>34,064</u>
Other financing sources :				
Transfer out to the Utility Fund	<u>-</u>	<u>-</u>	<u>(2,400)</u>	<u>2,400</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(2,400)</u>	<u>2,400</u>
Net change in fund balance	(83,242)	188,069	219,733	36,464
Fund balance, beginning	<u>239,481</u>	<u>239,481</u>	<u>239,481</u>	<u>-</u>
Fund balance, ending	<u>\$ 156,239</u>	<u>\$ 427,550</u>	<u>\$ 459,214</u>	<u>\$ 36,464</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 totaling \$8,304 for the year ended June 30, 2019.

**OTHER SUPPLEMENTARY INFORMATION**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position

June 30, 2019

With Comparative Totals for June 30, 2018

	2019			2018 Total
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 382,536	\$ 259,272	\$ 641,808	\$ 317,207
Receivables, net	14,382	76,546	90,928	87,902
Due from other governmental agencies	-	8,915	8,915	-
Internal balances	65,207	(65,207)	-	-
Prepaid items	-	5,583	5,583	7,753
Total current assets	<u>462,125</u>	<u>285,109</u>	<u>747,234</u>	<u>412,862</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	87,559	87,559	81,354
Capital assets:				
Land and construction in progress	77,436	51,131	128,567	128,567
Capital assets, net	<u>1,767,773</u>	<u>2,263,226</u>	<u>4,030,999</u>	<u>4,188,288</u>
Total noncurrent assets	<u>1,845,209</u>	<u>2,401,916</u>	<u>4,247,125</u>	<u>4,398,209</u>
Total assets	<u>\$ 2,307,334</u>	<u>\$ 2,687,025</u>	<u>\$ 4,994,359</u>	<u>\$ 4,811,071</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payables and other liabilities	\$ 2,911	\$ 61,041	\$ 63,952	\$ 23,694
Bonds/notes payable- current	7,290	7,609	14,899	6,977
Customer deposits payable	-	87,559	87,559	81,354
Total current liabilities	<u>10,201</u>	<u>156,209</u>	<u>166,410</u>	<u>112,025</u>
Noncurrent liabilities:				
Compensated absences	2,195	6,957	9,152	9,156
Bonds/notes payable- noncurrent	<u>171,755</u>	<u>17,228</u>	<u>188,983</u>	<u>179,067</u>
Total noncurrent liabilities	<u>173,950</u>	<u>24,185</u>	<u>198,135</u>	<u>188,223</u>
Total liabilities	<u>184,151</u>	<u>180,394</u>	<u>364,545</u>	<u>300,248</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,666,164	2,289,520	3,955,684	4,130,811
Unrestricted	<u>457,019</u>	<u>217,111</u>	<u>674,130</u>	<u>380,012</u>
Total net position	<u>\$ 2,123,183</u>	<u>\$ 2,506,631</u>	<u>\$ 4,629,814</u>	<u>\$ 4,510,823</u>

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Balance Sheet  
 General Fund  
 June 30, 2019 and 2018

	<u>General</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and interest-bearing deposits	\$ 382,536	\$ 152,254
Receivables	14,382	12,093
Due from other funds	<u>65,207</u>	<u>79,137</u>
Total assets	<u>\$ 462,125</u>	<u>\$ 243,484</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	<u>\$ 2,911</u>	<u>\$ 4,003</u>
Fund balances -		
Unassigned	<u>459,214</u>	<u>239,481</u>
Total liabilities and fund balances	<u>\$ 462,125</u>	<u>\$ 243,484</u>

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2019  
With Actual Amounts For the Year Ended June 30, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 14,000	\$ 18,451	\$ 13,882	\$ (4,569)	\$ 13,965
Sales tax	60,000	77,773	80,813	3,040	56,585
Franchise taxes	<u>33,000</u>	<u>34,315</u>	<u>31,839</u>	<u>(2,476)</u>	<u>32,617</u>
Total taxes	<u>107,000</u>	<u>130,539</u>	<u>126,534</u>	<u>(4,005)</u>	<u>103,167</u>
Licenses and permits	<u>25,000</u>	<u>77,961</u>	<u>87,292</u>	<u>9,331</u>	<u>22,659</u>
Intergovernmental:					
State of Louisiana -					
State grants	-	-	-	-	2,815
On behalf payments	12,000	8,689	9,767	1,078	10,250
Grass cutting	7,800	3,900	7,800	3,900	7,800
Other - RPPJ	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total intergovernmental	<u>19,800</u>	<u>12,589</u>	<u>42,567</u>	<u>29,978</u>	<u>20,865</u>
Fines and forfeits	<u>550,000</u>	<u>523,339</u>	<u>530,103</u>	<u>6,764</u>	<u>536,419</u>
Miscellaneous:					
Interest income	55	-	-	-	52
Other sources	<u>2,000</u>	<u>18,812</u>	<u>19,112</u>	<u>300</u>	<u>26,570</u>
Total miscellaneous	<u>2,055</u>	<u>18,812</u>	<u>19,112</u>	<u>300</u>	<u>26,622</u>
Total revenues	<u>\$ 703,855</u>	<u>\$ 763,240</u>	<u>\$ 805,608</u>	<u>\$ 42,368</u>	<u>\$ 709,732</u>

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2019  
With Actual Amounts for the Year Ended June 30, 2018

	2019		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Budget				
	Original	Final			
Current:					
General government -					
Salaries	\$ 93,541	\$ 62,976	\$ 88,706	\$ (25,730)	\$ 88,278
Payroll taxes	7,156	4,817	3,969	848	2,099
General insurance	53,000	20,747	17,377	3,370	21,745
Group health insurance	1,000	788	869	(81)	-
Professional fees	100,000	41,413	48,451	(7,038)	51,190
Office expenditures	45,000	5,452	4,569	883	8,888
Dues and subscriptions	1,500	1,091	818	273	818
Training and education	3,000	788	2,419	(1,631)	2,806
Utilities	55,000	48,981	47,402	1,579	50,486
Taxes and licenses	400	-	-	-	-
Animal control expense	500	339	261	78	287
Town park expense	3,500	208	7,694	(7,486)	96
Maintenance and repairs	15,000	2,536	2,703	(167)	7,750
Miscellaneous	8,000	8,467	397	8,070	1,628
Total general government	<u>386,597</u>	<u>198,603</u>	<u>225,635</u>	<u>(27,032)</u>	<u>236,071</u>
Public safety -					
Police:					
Salaries	160,000	144,255	120,804	23,451	121,254
Payroll taxes	12,000	11,036	16,916	(5,880)	16,857
On behalf salaries	12,000	8,689	9,767	(1,078)	10,250
Group health insurance	18,000	10,289	9,202	1,087	12,768
Commercial insurance	-	-	16,914	(16,914)	-
Conventions and conferences	2,500	1,379	1,243	136	1,382
Gasoline expense	12,000	9,176	9,360	(184)	9,067
Magistrate expense	15,000	25,475	8,258	17,217	6,200
Police department expense	90,000	75,776	72,300	3,476	55,196
Repairs and maintenance	15,000	7,033	5,313	1,720	2,860
Telephone	8,000	9,337	10,448	(1,111)	6,716
Uniforms	1,000	1,108	1,567	(459)	1,971
Fire department	-	-	-	-	7,085
Total public safety	<u>345,500</u>	<u>303,553</u>	<u>282,092</u>	<u>21,461</u>	<u>251,606</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2019  
With Actual Amounts for the Year Ended June 30, 2018

	2019		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Budget				
	Original	Final			
Public works-					
Streets and facilities	40,000	-	2,733	(2,733)	3,738
Total public works	40,000	-	2,733	(2,733)	3,738
Capital outlay	-	58,015	58,015	-	42,565
Total capital outlay	-	58,015	58,015	-	42,565
Debt service:					
Principal	7,000	6,833	6,999	(166)	41,755
Interest	8,000	8,167	8,001	166	8,793
Total debt service	15,000	15,000	15,000	-	50,548
Total expenditures	<u>\$ 787,097</u>	<u>\$ 575,171</u>	<u>\$ 583,475</u>	<u>\$ (8,304)</u>	<u>\$ 584,528</u>

VILLAGE OF FOREST HILL, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2019 and 2018

Records maintained by the Village indicated the following number of customers were being serviced during the months of June, 2019 and 2018:

<u>Department</u>	<u>2019</u>	<u>2018</u>
Water (metered)	1,135	1,136
Sewer	116	114
Gas	428	428
Sanitation	250	245

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Statement of Net Position  
 Proprietary Fund  
 June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 259,272	\$ 164,953
Receivables:		
Accounts receivable	52,564	51,827
Unbilled utility receivables	23,982	23,982
Intergovernmental receivable	8,915	-
Prepaid gas	<u>5,583</u>	<u>7,753</u>
Total current assets	<u>350,316</u>	<u>248,515</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	87,559	81,354
Capital assets:		
Land	51,131	51,131
Other capital assets, net of accumulated depreciation	<u>2,263,226</u>	<u>2,374,272</u>
Total noncurrent assets	<u>2,401,916</u>	<u>2,506,757</u>
Total assets	<u>\$ 2,752,232</u>	<u>\$ 2,755,272</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 61,041	\$ 19,691
Due to other funds	65,207	79,137
Notes payable - current	7,609	-
Customer deposits payable from restricted assets	<u>87,559</u>	<u>81,354</u>
Total current liabilities	<u>221,416</u>	<u>180,182</u>
Noncurrent liabilities:		
Compensated absences	6,957	6,957
Bonds/notes payable-noncurrent	<u>17,228</u>	<u>-</u>
Total noncurrent liabilities	<u>24,185</u>	<u>6,957</u>
Total liabilities	<u>245,601</u>	<u>187,139</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,289,520	2,425,403
Unrestricted	<u>217,111</u>	<u>142,730</u>
Total net position	<u>\$ 2,506,631</u>	<u>\$ 2,568,133</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, 2019 and 2018

	Total		Gas	
	2019	2018	2019	2018
Operating revenues:				
Customer service charges	\$ 725,998	\$ 661,304	\$ 231,030	\$ 239,159
Other	<u>40,448</u>	<u>7,919</u>	<u>300</u>	<u>421</u>
Total operating revenues	<u>766,446</u>	<u>669,223</u>	<u>231,330</u>	<u>239,580</u>
Operating expenses:				
Salaries	176,638	174,519	50,272	51,743
Payroll taxes	13,569	13,471	3,860	3,960
Retirement	2,400	2,400	1,200	1,200
Group health insurance	18,697	20,240	3,652	6,203
Maintenance and repairs	121,548	60,564	11,348	11,315
Professional fees	33,387	39,130	15,511	15,835
Utilities and telephone	52,915	45,041	17,580	14,983
General insurance	49,100	45,068	18,099	17,865
Office expense	19,757	13,391	7,192	2,295
Supplies and parts	27,823	24,020	760	-
Purchases	63,328	72,517	63,328	72,517
Garbage collection fees	42,320	42,762	-	-
Auto and truck expense	8,463	9,101	2,821	2,947
Depreciation expense	193,925	190,956	30,307	27,440
Dues and fees	13,942	12,813	593	-
Contract services	3,275	800	700	800
Meals, lodging and travel	5,186	8,348	1,699	4,264
Miscellaneous	<u>6,142</u>	<u>3,693</u>	<u>1,938</u>	<u>1,931</u>
Total operating expenses	<u>852,415</u>	<u>778,834</u>	<u>230,860</u>	<u>235,298</u>
Operating income (loss)	<u>(85,969)</u>	<u>(109,611)</u>	<u>\$ 470</u>	<u>\$ 4,282</u>
Nonoperating revenues (expenses):				
Interest income	20	18		
Interest expense	(1,308)	(438)		
Gain on disposal of capital assets	<u>1,440</u>	<u>-</u>		
Total nonoperating revenues (expenses)	<u>152</u>	<u>(420)</u>		
Loss before contributions and transfers	<u>(85,817)</u>	<u>(110,031)</u>		
Capital contributions	21,915	-		
Transfers in (out)	<u>2,400</u>	<u>2,400</u>		
Change in net position	(61,502)	(107,631)		
Net position, beginning	<u>2,568,133</u>	<u>2,675,764</u>		
Net position, ending	<u>\$ 2,506,631</u>	<u>\$ 2,568,133</u>		

Water		Sewer		Sanitation	
2019	2018	2019	2018	2019	2018
\$ 391,280	\$ 323,884	\$ 53,165	\$ 49,277	\$ 50,523	\$ 48,984
4,969	7,498	35,179	-	-	-
<u>396,249</u>	<u>331,382</u>	<u>88,344</u>	<u>49,277</u>	<u>50,523</u>	<u>48,984</u>
78,525	77,656	41,290	38,567	6,551	6,553
6,024	5,910	3,182	3,102	503	499
1,200	1,200	-	-	-	-
8,389	7,832	6,656	6,205	-	-
96,939	34,917	13,261	14,332	-	-
8,553	14,031	9,323	9,264	-	-
17,924	15,324	17,411	14,734	-	-
23,359	18,909	7,642	8,294	-	-
7,513	9,163	5,052	1,933	-	-
24,167	21,719	2,896	2,301	-	-
-	-	-	-	-	-
-	-	-	-	42,320	42,762
2,821	3,141	2,821	3,013	-	-
110,004	111,720	53,614	51,796	-	-
13,316	12,813	33	-	-	-
2,575	-	-	-	-	-
2,682	3,442	805	642	-	-
2,067	1,285	2,137	53	-	424
<u>406,058</u>	<u>339,062</u>	<u>166,123</u>	<u>154,236</u>	<u>49,374</u>	<u>50,238</u>
<u>\$ (9,809)</u>	<u>\$ (7,680)</u>	<u>\$ (77,779)</u>	<u>\$ (104,959)</u>	<u>\$ 1,149</u>	<u>\$ (1,254)</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*

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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, 2019, 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 5, 2019.

### Internal Control over Financial Reporting

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

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 deficiency, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

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

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

### **Purpose of this Report**

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

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

Alexandria, Louisiana  
November 5, 2019

VILLAGE OF FOREST HILL, LOUISISANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2019

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

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2017

CONDITION: The Village of Forest Hill did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Village does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will segregate duties to ensure that these accounting functions are not performed by the same individual.

B. Compliance and other matters

None reported.

C. Management letter

None reported.

VILLAGE OF FOREST HILL, LOUISISANA  
Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended June 30, 2019

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Application of Generally Accepted Accounting Principles (GAAP)

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.

2018-002 Inadequate Segregation of Accounting Functions

CONDITION: The Village of Forest Hill did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2019-001.

B. Compliance and other matters

None reported.

C. Management Letter

2018-003 Sewer Department – Management did adjust rates and budgeted expenditures accordingly, however, an operating loss did occur during the current fiscal year. Management has established policies to monitor rates on an annual basis.

2018-004 Water Department – Management did adjust rates and budgeted expenditures accordingly, however, an operating loss did occur during the current fiscal year. Management has established policies to monitor rates on an annual basis.

2018-005 Sanitation Department – Management did adjust rates and budgeted expenditures accordingly, and experienced operating income during the current fiscal year. Management has established policies to monitor rates on an annual basis.

**The Village of Forest Hill**

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2018 through June 30, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Village of Forest Hill and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village of Forest Hill's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. We 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):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **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).
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.

### ***Board or Finance Committee***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, 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.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

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- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) 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
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections (excluding EFTs)***

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4. We 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. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We 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 and procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) 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.
  - c) 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.
  - d) 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 verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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:
  - a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) 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).
  - e) Traced the actual deposit per the bank statement to the general ledger.

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

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) 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.
  - d) 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.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) We observed that the disbursement matched the related original invoice/billing statement.
  - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
  - a) Observe 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) was 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]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose,

and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Other***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing,

obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

### **Findings:**

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

#### **Written Policies and Procedures:**

1. The Village of Forest Hill does not have written policies and procedures regarding disaster recovery/business continuity.

#### **Collections:**

2. The town clerk for the Village of Forest Hill is responsible for collecting cash as well as posting to the general ledger and reconciling cash collections.
3. For two of the eight deposits selected for testing, the money collected was not deposited within one business day.

#### **Disbursements:**

4. The Village of Forest Hill does not prohibit the person responsible for processing payments from adding/modifying vendors in the disbursement system.

### **Management's Response:**

Management of the Village of Forest Hill, Louisiana concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on 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.

The purpose of this report is 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 5, 2019