

VILLAGE OF FOREST HILL, LOUISIANA

Financial Report

Year Ended June 30, 2021

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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, 2021, 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, 2021, 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 47 is presented for purposes of additional analysis and is not a required part of the financial statements.

The statement of net position-compared to prior year totals on page 38, comparative statements on pages 39 and 44 through 46, and the Judicial System Funding Schedules on page 47 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules on pages 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 October 29, 2021, on our consideration of the Village of Forest Hill, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
October 29, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 520,916	\$ 241,736	\$ 762,652
Receivables, net	41,614	66,838	108,452
Internal balances	87,122	(87,122)	-
Prepaid items	-	5,583	5,583
Total current assets	<u>649,652</u>	<u>227,035</u>	<u>876,687</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	99,339	99,339
Capital assets:			
Land	77,436	51,131	128,567
Capital assets, net	<u>1,583,859</u>	<u>2,054,651</u>	<u>3,638,510</u>
Total noncurrent assets	<u>1,661,295</u>	<u>2,205,121</u>	<u>3,866,416</u>
Total assets	<u>\$2,310,947</u>	<u>\$2,432,156</u>	<u>\$4,743,103</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	\$ 3,794	\$ 11,297	\$ 15,091
Bond/notes payable - current	7,959	7,723	15,682
Customer deposits payable from restricted assets	-	99,339	99,339
Total current liabilities	<u>11,753</u>	<u>118,359</u>	<u>130,112</u>
Noncurrent liabilities:			
Compensated absences	2,195	6,957	9,152
Bonds/notes payable - noncurrent	<u>156,136</u>	<u>1,442</u>	<u>157,578</u>
Total noncurrent liabilities	<u>158,331</u>	<u>8,399</u>	<u>166,730</u>
Total liabilities	<u>170,084</u>	<u>126,758</u>	<u>296,842</u>
NET POSITION			
Net investment in capital assets	1,325,468	2,096,617	3,422,085
Unrestricted	<u>815,395</u>	<u>208,781</u>	<u>1,024,176</u>
Total net position	<u>\$2,140,863</u>	<u>\$2,305,398</u>	<u>\$4,446,261</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, 2021

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 231,890	\$ -	\$ -	\$ (231,890)	\$ -	\$ (231,890)
Public safety:						
Police	293,832	408,800	-	114,968	-	114,968
Public works:						
Streets	94,406	-	3,900	(90,506)	-	(90,506)
Interest on long term debts	7,362	-	-	(7,362)	-	(7,362)
Total governmental activities	<u>627,490</u>	<u>408,800</u>	<u>3,900</u>	<u>(214,790)</u>	<u>-</u>	<u>(214,790)</u>
Business-type activities:						
Gas	239,884	258,951	-	-	19,067	19,067
Water	372,732	403,343	-	-	30,611	30,611
Sewer	176,271	57,539	-	-	(118,732)	(118,732)
Garbage	49,820	53,624	-	-	3,804	3,804
Interest on long term debts	751	-	-	-	(751)	(751)
Total business-type activities	<u>839,458</u>	<u>773,457</u>	<u>-</u>	<u>-</u>	<u>(66,001)</u>	<u>(66,001)</u>
Total	<u>\$ 1,466,948</u>	<u>\$ 1,182,257</u>	<u>\$ 3,900</u>	<u>(214,790)</u>	<u>(66,001)</u>	<u>(280,791)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				14,452	-	14,452
Sales and use taxes, levied for general purposes				109,122	-	109,122
Franchise taxes				25,403	-	25,403
License and permits				46,272	-	46,272
Interest and investment earnings				-	24	24
Miscellaneous				14,364	8,876	23,240
Gain on sale/disposal of assets				3,500	-	3,500
Transfers				(2,400)	2,400	-
Total general revenues and transfers				<u>210,713</u>	<u>11,300</u>	<u>222,013</u>
Change in net position				(4,077)	(54,701)	(58,778)
Net position - beginning				<u>2,144,940</u>	<u>2,360,099</u>	<u>4,505,039</u>
Net position - ending				<u>\$ 2,140,863</u>	<u>\$ 2,305,398</u>	<u>\$ 4,446,261</u>

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

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

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

Enterprise Fund

Utility Fund -

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

VILLAGE OF FOREST HILL, LOUISIANA

Balance Sheet - Governmental Fund
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 520,916
Receivables	41,614
Due from other funds	<u>87,122</u>
Total assets	<u>\$ 649,652</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and other liabilities	<u>\$ 3,794</u>
Fund balances -	
Unassigned	<u>645,858</u>
Total liabilities and fund balances	<u>\$ 649,652</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, 2021

Total fund balances for governmental fund at June 30, 2021 \$ 645,858

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 \$597,236 accumulated depreciation	742,294	
Vehicles, equipment, furniture, net of \$278,934 accumulated depreciation	34,231	
Infrastructure, net of \$280,986 accumulated depreciation	<u>807,334</u>	1,661,295

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

Compensated absences	(2,195)	
Notes payable	<u>(164,095)</u>	<u>(166,290)</u>

Total net position of governmental activities at June 30, 2021 \$2,140,863

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, 2021

	<u>General Fund</u>
Revenues:	
Taxes	\$ 148,977
Licenses and permits	46,272
Intergovernmental	9,900
Fines and forfeits	408,800
Miscellaneous	<u>11,864</u>
Total revenues	<u>625,813</u>
Expenditures:	
Current -	
General government	220,360
Public safety:	
Police	268,463
Public works:	
Streets and facilities	22,924
Capital outlay	24,347
Debt service:	
Principal	7,638
Interest	<u>7,362</u>
Total expenditures	<u>551,094</u>
Excess of revenues over expenditures	<u>74,719</u>
Other financing sources (uses):	
Transfers out	<u>(2,400)</u>
Net changes in fund balances	72,319
Fund balances, beginning	<u>573,539</u>
Fund balances, ending	<u>\$ 645,858</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, 2021

Total net changes in fund balances at June 30, 2021 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 72,319
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The change in net position reported for governmental activities in the
statement of activities is different because:

The issuance of debt provides current financial resources to
governmental funds, but issuing long term debt increases long-term
liabilities in the Statement of Net Position. Repayment of debt principal
is an expenditure in the governmental funds, but the net repayment
reduces long-term liabilities in the Statement of Net Position. The following
is the net effect of long term debt transactions at June 30, 2021.

Repayment of debt principal	7,638
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Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 24,347
Depreciation expense for the year ended June 30, 2021	<u>(108,381)</u> <u>(84,034)</u>

Total changes in net position at June 30, 2021 per Statement of Activities	<u>\$ (4,077)</u>
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VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2021

	<u>Utility Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 241,736
Receivables:	
Accounts receivable	42,777
Unbilled utility receivables	24,061
Prepaid gas	<u>5,583</u>
Total current assets	<u>314,157</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	99,339
Capital assets:	
Land	51,131
Other capital assets, net of accumulated depreciation	<u>2,054,651</u>
Total noncurrent assets	<u>2,205,121</u>
Total assets	<u>\$ 2,519,278</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other liabilities	\$ 11,297
Due to other funds	87,122
Notes payable - current	7,723
Customer deposits payable from restricted assets	<u>99,339</u>
Total current liabilities	<u>205,481</u>
Noncurrent liabilities:	
Compensated absences	6,957
Notes payable - noncurrent	<u>1,442</u>
Total noncurrent liabilities	<u>8,399</u>
Total liabilities	<u>213,880</u>
NET POSITION	
Net investment in capital assets	2,096,617
Unrestricted	<u>208,781</u>
Total net position	<u>\$ 2,305,398</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, 2021

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 258,951
Water charges	403,343
Sewer charges	57,539
Garbage	53,624
Miscellaneous	<u>8,876</u>
Total operating revenues	<u>782,333</u>
Operating expenses:	
Salaries	179,957
Payroll taxes	13,774
Retirement expense	1,800
Group health insurance	22,862
Maintenance and repairs	169,635
Professional fees	30,265
Utilities and telephone	52,625
General insurance	43,288
Office expense	15,001
Supplies and parts	29,634
Purchases	54,996
Garbage collection fees	42,600
Auto and truck expense	9,188
Depreciation expense	145,894
Dues and fees	14,018
Meals, lodging and travel	6,261
Miscellaneous	<u>6,909</u>
Total operating expenses	<u>838,707</u>
Operating loss	<u>(56,374)</u>

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -
 Proprietary Fund
 For the Year Ended June 30, 2021

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	24
Interest expense	<u>(751)</u>
Total nonoperating revenues (expenses)	<u>(727)</u>
Loss before contributions and transfers	(57,101)
Transfers in	<u>2,400</u>
Change in net position	(54,701)
Net position, beginning	<u>2,360,099</u>
Net position, ending	<u>\$ 2,305,398</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, 2021

	Utility Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 782,944
Payments to suppliers	(502,565)
Payments to employees	<u>(218,393)</u>
Net cash provided by operating activities	<u>61,986</u>
Cash flows from noncapital financing activities:	
Customer deposits	8,620
Transfers to other funds	<u>2,400</u>
Net cash provided by noncapital financing activities	<u>11,020</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(8,683)
Interest paid on notes payable	(751)
Acquisition of property, plant and equipment	<u>(65,157)</u>
Net cash used by capital and related financing activities	<u>(74,591)</u>
Cash flows from investing activities:	
Interest on investments	<u>24</u>
Net decrease in cash and cash equivalents	(1,561)
Cash and cash equivalents, beginning of period	<u>279,605</u>
Cash and cash equivalents, end of period	<u>\$ 278,044</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - (Continued)
 For the Year Ended June 30, 2021

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	\$ (56,374)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	145,894
Changes in current assets and liabilities:	
Decrease in accounts receivable	611
Increase in accounts payable and other liabilities	<u>(28,145)</u>
Total adjustments	<u>118,360</u>
Net cash provided by operating activities	<u>\$ 61,986</u>
Cash and interest-bearing deposits, beginning of period-	
Cash- unrestricted	\$ 251,917
Cash- restricted	90,719
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>279,605</u>
Cash and interest-bearing deposits, end of period-	
Cash- unrestricted	241,736
Cash- restricted	99,339
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>278,044</u>
Net decrease	<u>\$ (1,561)</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, 2021. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$24,061 at June 30, 2021.

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, 2021 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, 2021.

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

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 1st of the following year. Revenues from ad valorem taxes are budgeted in the year billed by the Village's General Fund.

For the year ended December 31, 2020 taxes of 4.85 mills were levied on property with assessed valuations totaling \$3,044,697 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, 2021, the Village had cash and interest-bearing deposits (book balances) totaling \$861,991 as follows:

Demand deposits	\$ 700,760
Time deposits	<u>161,231</u>
Total	<u>\$ 861,991</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The Village does not have a policy for custodial credit risk; however, under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance (FDIC) or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Village or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2021, are secured as follows:

Bank balances	<u>\$ 882,315</u>
Federal deposit insurance	\$ 389,415
Uninsured and collateral held by the pledging bank not in the Village's name	<u>492,900</u>
Total	<u>\$ 882,315</u>

(5) Receivables

Receivables consisted of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ 42,777	\$ 42,777
Unbilled accounts	-	24,061	24,061
Taxes:			
Sales tax	10,156	-	10,156
Franchise tax	5,631	-	5,631
AMS - Fines	12,033	-	12,033
Insurance Premiums	<u>13,794</u>	<u>-</u>	<u>13,794</u>
Totals	<u>\$ 41,614</u>	<u>\$ 66,838</u>	<u>\$ 108,452</u>

(6) Restricted Assets

Restricted assets consisted of the following:

Business-Type Activities	
Utility Fund-	
Meter Deposits	<u>\$ 99,339</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	1,324,793	14,737	-	1,339,530
Vehicles, equipment, furn & fixtures	303,555	9,610	-	313,165
Infrastructure	<u>1,088,320</u>	<u>-</u>	<u>-</u>	<u>1,088,320</u>
Total other capital assets	<u>2,716,668</u>	<u>24,347</u>	<u>-</u>	<u>2,741,015</u>
Less accumulated depreciation				
Buildings and improvements	553,608	43,628	-	597,236
Vehicles, equipment, furn & fixtures	249,407	29,527	-	278,934
Infrastructure	<u>245,760</u>	<u>35,226</u>	<u>-</u>	<u>280,986</u>
Total accumulated depreciation	<u>1,048,775</u>	<u>108,381</u>	<u>-</u>	<u>1,157,156</u>
Total capital assets being depreciated	<u>1,667,893</u>	<u>(84,034)</u>	<u>-</u>	<u>1,583,859</u>
Governmental activities, capital assets, net	<u>\$ 1,745,329</u>	<u>\$ (84,034)</u>	<u>\$ -</u>	<u>\$ 1,661,295</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 11,530
Police protections	25,369
Streets and public facilities	<u>71,482</u>
Total depreciation expense	<u>\$ 108,381</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 51,131	\$ -	\$ -	\$ 51,131
Other capital assets:				
Water system	3,191,621	25,493	-	3,217,114
Natural gas system	945,365	11,341	-	956,706
Sewer system	1,705,534	28,323	-	1,733,857
Total other capital assets	<u>5,842,520</u>	<u>65,157</u>	<u>-</u>	<u>5,907,677</u>
Less accumulated depreciation				
Water system	2,287,879	62,528	-	2,350,407
Natural gas system	638,217	29,230	-	667,447
Sewer system	781,036	54,136	-	835,172
Total accumulated depreciation	<u>3,707,132</u>	<u>145,894</u>	<u>-</u>	<u>3,853,026</u>
Total capital assets being depreciated	<u>2,135,388</u>	<u>(80,737)</u>	<u>-</u>	<u>2,054,651</u>
Business-type activities, capital assets, net	<u>\$2,186,519</u>	<u>\$ (80,737)</u>	<u>\$ -</u>	<u>\$2,105,782</u>

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

Water	\$ 29,230
Gas	62,528
Sewer	54,136
Total depreciation expense	<u>\$ 145,894</u>

(8) Accounts and Other Payables

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 3,495	\$ 11,207	\$ 14,702
Accrued expenses	299	90	389
Compensated absences	2,195	6,957	9,152
Customer deposits	-	99,339	99,339
Totals	<u>\$ 5,989</u>	<u>\$ 117,593</u>	<u>\$ 123,582</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, 2021:

	<u>Governmental Activities General Obligation</u>	<u>Business-Type Activities Note Payable</u>
Long-term debt as of July 1, 2020	\$ 171,733	\$ 17,848
Additions	-	-
Retirements	<u>(7,638)</u>	<u>(8,683)</u>
Long-term debt as of June 30, 2021	<u>\$ 164,095</u>	<u>\$ 9,165</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.

\$ 164,095

The debt as of June 30, 2021 is due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total payments</u>
2022	\$ 7,959	\$ 7,041	\$ 15,000
2023	8,315	6,685	15,000
2024	8,687	6,313	15,000
2025	9,076	5,924	15,000
2026	9,483	5,517	15,000
2027-2031	54,173	20,827	75,000
2032-2036	<u>66,402</u>	<u>7,566</u>	<u>73,968</u>
Total	<u>\$ 164,095</u>	<u>\$ 59,873</u>	<u>\$ 223,968</u>

Business-Type Activities:

Note payable –

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

\$ 9,165

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

The debt as of June 30, 2021 is due as follows:

<u>Year ending June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total payments</u>
2022	\$ 7,722	\$ 261	\$ 7,983
2023	<u>1,443</u>	<u>9</u>	<u>1,452</u>
Total	<u>\$ 9,165</u>	<u>\$ 270</u>	<u>\$ 9,435</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, 2021. Contributions to the plan during the year ending June 30, 2021 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, 2021 follows:

Jerriot Robinson	\$ 4,800
Karen Carroll	4,800
Danny Perkins	<u>4,800</u>
Total	<u>\$ 14,400</u>

(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, 2021 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 15,600
Conference travel	452
Registration fees	<u>400</u>
Total	<u>\$ 16,452</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(13) Pending Litigation

At June 30, 2021 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, 2021:

	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General Fund	\$ 87,122	\$ -
Proprietary Fund:		
Utility Fund	<u>-</u>	<u>87,122</u>
Total	<u>\$ 87,122</u>	<u>\$ 87,122</u>

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

B. Transfers consisted of the following at June 30, 2021:

	<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.

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(16) On-behalf Payments for Salaries

The Village of Forest Hill receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Village totaled \$6,000 for the fiscal year ending June 30, 2021. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(17) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Village's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 131,000	\$ 146,302	\$ 148,977	\$ 2,675
Licenses and permits	25,000	32,000	46,272	14,272
Intergovernmental	13,800	27,600	9,900	(17,700)
Fines and forfeits	524,000	387,363	408,800	21,437
Miscellaneous	13,052	929	11,864	10,935
Total revenues	<u>706,852</u>	<u>594,194</u>	<u>625,813</u>	<u>31,619</u>
Expenditures:				
Current -				
General government	248,400	272,767	220,360	52,407
Public safety:				
Police	300,400	276,157	268,463	7,694
Public works:				
Streets	40,000	30,565	22,924	7,641
Capital outlay	80,000	-	24,347	(24,347)
Debt service:				
Principal	6,833	7,638	7,638	-
Interest	8,167	7,362	7,362	-
Total expenditures	<u>683,800</u>	<u>594,489</u>	<u>551,094</u>	<u>43,395</u>
Excess (deficiency) of revenues over expenditures	<u>23,052</u>	<u>(295)</u>	<u>74,719</u>	<u>75,014</u>
Other financing sources :				
Transfer to the Utility Fund	<u>-</u>	<u>-</u>	<u>(2,400)</u>	<u>2,400</u>
Net change in fund balance	23,052	(295)	72,319	77,414
Fund balance, beginning	<u>573,539</u>	<u>573,539</u>	<u>573,539</u>	<u>-</u>
Fund balance, ending	<u>\$ 596,591</u>	<u>\$ 573,244</u>	<u>\$ 645,858</u>	<u>\$ 77,414</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

For the year ended June 30, 2021, the Village of Forest Hill had actual expenditures over appropriations at the functional level, as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Capital outlay	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 24,347</u>	<u>\$ (24,347)</u>

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position

June 30, 2021

With Comparative Totals for June 30, 2020

	2021		2020 Total	
	Governmental Activities	Business-Type Activities		Total
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 520,916	\$ 241,736	\$ 762,652	\$ 728,912
Receivables, net	41,614	66,838	108,452	79,937
Internal balances	87,122	(87,122)	-	-
Prepaid items	-	5,583	5,583	5,583
Total current assets	<u>649,652</u>	<u>227,035</u>	<u>876,687</u>	<u>814,432</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	99,339	99,339	90,719
Capital assets:				
Land	77,436	51,131	128,567	128,567
Capital assets, net	<u>1,583,859</u>	<u>2,054,651</u>	<u>3,638,510</u>	<u>3,803,281</u>
Total noncurrent assets	<u>1,661,295</u>	<u>2,205,121</u>	<u>3,866,416</u>	<u>4,022,567</u>
Total assets	<u>\$ 2,310,947</u>	<u>\$ 2,432,156</u>	<u>\$ 4,743,103</u>	<u>\$ 4,836,999</u>
LIABILITIES				
Current liabilities:				
Accounts payables and other liabilities	\$ 3,794	\$ 11,297	\$ 15,091	\$ 42,508
Bonds/notes payable- current	7,959	7,723	15,682	15,616
Customer deposits payable	-	99,339	99,339	90,719
Total current liabilities	<u>11,753</u>	<u>118,359</u>	<u>130,112</u>	<u>148,843</u>
Noncurrent liabilities:				
Compensated absences	2,195	6,957	9,152	9,152
Bonds/notes payable- noncurrent	<u>156,136</u>	<u>1,442</u>	<u>157,578</u>	<u>173,965</u>
Total noncurrent liabilities	<u>158,331</u>	<u>8,399</u>	<u>166,730</u>	<u>183,117</u>
Total liabilities	<u>170,084</u>	<u>126,758</u>	<u>296,842</u>	<u>331,960</u>
NET POSITION				
Net investment in capital assets	1,325,468	2,096,617	3,422,085	3,742,267
Unrestricted	<u>815,395</u>	<u>208,781</u>	<u>1,024,176</u>	<u>762,772</u>
Total net position	<u>\$ 2,140,863</u>	<u>\$ 2,305,398</u>	<u>\$ 4,446,261</u>	<u>\$ 4,505,039</u>

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Balance Sheet
 General Fund
 June 30, 2021 and 2020

	<u>General</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and interest-bearing deposits	\$ 520,916	\$ 476,995
Receivables	41,614	12,488
Due from other funds	<u>87,122</u>	<u>87,122</u>
Total assets	<u>\$ 649,652</u>	<u>\$ 576,605</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and other liabilities	<u>\$ 3,794</u>	<u>\$ 3,066</u>
Fund balances -		
Unassigned	<u>645,858</u>	<u>573,539</u>
Total liabilities and fund balances	<u>\$ 649,652</u>	<u>\$ 576,605</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2021
With Actual Amounts For the Year Ended June 30, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 19,000	\$ 19,265	\$ 14,452	\$ (4,813)	\$ 13,424
Sales tax	77,000	101,961	109,122	7,161	83,730
Franchise taxes	<u>35,000</u>	<u>25,076</u>	<u>25,403</u>	<u>327</u>	<u>28,120</u>
Total taxes	<u>131,000</u>	<u>146,302</u>	<u>148,977</u>	<u>2,675</u>	<u>125,274</u>
Licenses and permits	<u>25,000</u>	<u>32,000</u>	<u>46,272</u>	<u>14,272</u>	<u>33,978</u>
Intergovernmental:					
State of Louisiana -					
On behalf payments	6,000	6,000	6,000	-	6,000
Grass cutting	7,800	7,800	3,900	(3,900)	7,800
Other - RPPJ	<u>-</u>	<u>13,800</u>	<u>-</u>	<u>(13,800)</u>	<u>-</u>
Total intergovernmental	<u>13,800</u>	<u>27,600</u>	<u>9,900</u>	<u>(17,700)</u>	<u>13,800</u>
Fines and forfeits	<u>524,000</u>	<u>387,363</u>	<u>408,800</u>	<u>21,437</u>	<u>458,694</u>
Miscellaneous:					
Other sources	<u>13,052</u>	<u>929</u>	<u>11,864</u>	<u>10,935</u>	<u>19,613</u>
Total revenues	<u>\$ 706,852</u>	<u>\$ 594,194</u>	<u>\$ 625,813</u>	<u>\$ 31,619</u>	<u>\$ 651,359</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2021
With Actual Amounts for the Year Ended June 30, 2020

	2021			Variance with Final Budget Positive (Negative)	2020 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Salaries	\$ 60,000	\$ 89,333	\$ 69,119	\$ 20,214	\$ 86,531
Payroll taxes	5,000	6,835	8,068	(1,233)	3,914
Retirement	-	1,900	(1,950)	3,850	-
General insurance	11,000	11,744	9,433	2,311	8,395
Group health insurance	1,000	788	148	640	1,649
Professional fees	70,000	56,583	58,742	(2,159)	60,705
Office expenditures	15,000	6,364	6,318	46	10,051
Dues and subscriptions	1,500	1,115	836	279	857
Training and education	4,000	732	1,049	(317)	3,542
Utilities	45,000	46,611	42,365	4,246	40,191
Taxes and licenses	400	-	-	-	-
Animal control expense	500	2,000	1,484	516	2,230
Town park expense	5,000	22,048	12,488	9,560	4,981
Maintenance and repairs	20,000	25,333	10,824	14,509	12,857
Miscellaneous	10,000	1,381	1,436	(55)	1,870
Total general government	<u>248,400</u>	<u>272,767</u>	<u>220,360</u>	<u>52,407</u>	<u>237,773</u>
Public safety -					
Police:					
Salaries	155,000	119,904	122,112	(2,208)	118,915
Payroll taxes	12,000	9,632	15,557	(5,925)	16,540
On behalf salaries	6,000	6,000	6,000	-	6,000
Group health insurance	11,000	27,520	7,578	19,942	7,000
Commercial insurance	-	-	11,588	(11,588)	7,990
Conventions and conferences	1,400	200	360	(160)	1,750
Gasoline expense	10,000	6,259	6,761	(502)	8,205
Magistrate expense	25,000	22,140	5,779	16,361	9,691
Police department expense	60,000	63,333	68,764	(5,431)	70,901
Repairs and maintenance	7,000	5,503	10,764	(5,261)	7,700
Telephone	12,000	15,333	12,770	2,563	10,171
Uniforms	1,000	333	430	(97)	713
Total public safety	<u>300,400</u>	<u>276,157</u>	<u>268,463</u>	<u>7,694</u>	<u>265,576</u>

VILLAGE OF FOREST HILL, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2021
With Actual Amounts for the Year Ended June 30, 2020

	2021				
	Budget		Actual	Variance with Final Budget Positive (Negative)	2020 Actual
	Original	Final			
Public works-					
Streets and facilities	40,000	30,565	22,924	7,641	2,058
Total public works	40,000	30,565	22,924	7,641	2,058
Capital outlay	80,000	-	24,347	(24,347)	23,142
Total capital outlay	80,000	-	24,347	(24,347)	23,142
Debt service:					
Principal	6,833	7,638	7,638	-	7,312
Interest	8,167	7,362	7,362	-	7,688
Total debt service	15,000	15,000	15,000	-	15,000
 Total expenditures	 <u>\$ 683,800</u>	 <u>\$ 594,489</u>	 <u>\$ 551,094</u>	 <u>\$ 43,395</u>	 <u>\$ 543,549</u>

VILLAGE OF FOREST HILL, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2021 and 2020

Records maintained by the Village indicated the following number of customers were being serviced during the months of June, 2021 and 2020:

<u>Department</u>	<u>2021</u>	<u>2020</u>
Water (metered)	1,153	1,166
Sewer	116	115
Gas	429	427
Sanitation	259	255

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Statement of Net Position
 Proprietary Fund
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 241,736	\$ 251,917
Receivables:		
Accounts receivable	42,777	43,388
Unbilled utility receivables	24,061	24,061
Prepaid gas	5,583	5,583
Total current assets	<u>314,157</u>	<u>324,949</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	99,339	90,719
Capital assets:		
Land	51,131	51,131
Other capital assets, net of accumulated depreciation	2,054,651	2,135,388
Total noncurrent assets	<u>2,205,121</u>	<u>2,277,238</u>
Total assets	<u>\$2,519,278</u>	<u>\$2,602,187</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	\$ 11,297	\$ 39,442
Due to other funds	87,122	87,122
Notes payable - current	7,723	7,998
Customer deposits payable from restricted assets	99,339	90,719
Total current liabilities	<u>205,481</u>	<u>225,281</u>
Noncurrent liabilities:		
Compensated absences	6,957	6,957
Bonds/notes payable-noncurrent	1,442	9,850
Total noncurrent liabilities	<u>8,399</u>	<u>16,807</u>
Total liabilities	<u>213,880</u>	<u>242,088</u>
NET POSITION		
Net investment in capital assets	2,096,617	2,168,671
Unrestricted	208,781	191,428
Total net position	<u>\$2,305,398</u>	<u>\$2,360,099</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, 2021 and 2020

	Total		Gas	
	2021	2020	2021	2020
Operating revenues:				
Customer service charges	\$ 773,457	\$ 701,373	\$ 258,951	\$ 204,117
Other	8,876	4,809	3,996	-
Total operating revenues	<u>782,333</u>	<u>706,182</u>	<u>262,947</u>	<u>204,117</u>
Operating expenses:				
Salaries	179,957	175,021	50,872	49,751
Payroll taxes	13,774	13,381	3,260	3,786
Retirement	1,800	2,400	600	1,200
Group health insurance	22,862	19,019	5,029	3,745
Maintenance and repairs	169,635	116,516	33,099	15,971
Professional fees	30,265	68,767	12,581	15,553
Utilities and telephone	52,625	50,571	17,485	16,857
General insurance	43,288	39,422	16,197	17,176
Office expense	15,001	21,194	6,492	7,418
Supplies and parts	29,634	26,826	187	27
Purchases	54,996	44,472	54,996	44,472
Garbage collection fees	42,600	40,224	-	-
Auto and truck expense	9,188	7,113	3,004	2,245
Depreciation expense	145,894	191,424	29,230	32,526
Dues and fees	14,018	14,028	724	726
Meals, lodging and travel	6,261	4,156	5,097	780
Miscellaneous	6,909	7,099	1,031	2,450
Total operating expenses	<u>838,707</u>	<u>841,633</u>	<u>239,884</u>	<u>214,683</u>
Operating income (loss)	<u>(56,374)</u>	<u>(135,451)</u>	<u>\$ 23,063</u>	<u>\$ (10,566)</u>
Nonoperating revenues (expenses):				
Interest income	24	22		
Interest expense	(751)	(994)		
Gain (loss) on disposal of capital assets	-	(3,594)		
Total nonoperating revenues (expenses)	<u>(727)</u>	<u>(4,566)</u>		
Loss before contributions and transfers	<u>(57,101)</u>	<u>(140,017)</u>		
Transfers in (out)	<u>2,400</u>	<u>(6,515)</u>		
Change in net position	<u>(54,701)</u>	<u>(146,532)</u>		
Net position, beginning	<u>2,360,099</u>	<u>2,506,631</u>		
Net position, ending	<u>\$ 2,305,398</u>	<u>\$ 2,360,099</u>		

Water		Sewer		Sanitation	
2021	2020	2021	2020	2021	2020
\$ 403,343	\$ 387,404	\$ 57,539	\$ 57,547	\$ 53,624	\$ 52,305
4,880	4,084	-	725	-	-
<u>408,223</u>	<u>391,488</u>	<u>57,539</u>	<u>58,272</u>	<u>53,624</u>	<u>52,305</u>
75,242	78,485	47,136	40,153	6,707	6,632
6,567	6,007	3,434	3,081	513	507
1,200	1,200	-	-	-	-
13,214	8,530	4,619	6,744	-	-
119,342	84,898	17,194	15,647	-	-
9,480	14,011	8,204	39,203	-	-
17,656	16,857	17,484	16,857	-	-
18,593	14,654	8,498	7,592	-	-
6,390	8,326	2,119	5,450	-	-
22,783	19,702	6,664	7,097	-	-
-	-	-	-	-	-
-	-	-	-	42,600	40,224
3,180	2,427	3,004	2,441	-	-
62,528	106,015	54,136	52,883	-	-
13,261	13,265	33	37	-	-
982	3,049	182	327	-	-
2,314	1,834	3,564	2,815	-	-
<u>372,732</u>	<u>379,260</u>	<u>176,271</u>	<u>200,327</u>	<u>49,820</u>	<u>47,363</u>
\$ <u>35,491</u>	\$ <u>12,228</u>	\$ <u>(118,732)</u>	\$ <u>(142,055)</u>	\$ <u>3,804</u>	\$ <u>4,942</u>

VILLAGE OF FOREST HILL

Justice System Funding Schedule - Collecting/Disbursing Entity
 As Required by ACT 87 of the 2020 Regular Legislative Session
 General Fund
 Cash Basis Presentation
 Year Ended June 30, 2021

	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Beginning balance of amounts collected	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Court Costs/Fees	<u>193,311</u>	<u>214,663</u>
Less: Disbursements to Governments and Nonprofits		
CMIS - Treasurer, State of La – CMIS	14,370	14,535
Crime Stoppers – Crime Stoppers of Cenla, Inc.	706	710
Spinal Cord – DHH-TH/SCI T.F.	1,160	1,245
Law Enforcement – La Commission of Law Enforcement	690	693
Supreme Court – La. Supreme Court (La Judicial College Form A)	168	172
Crime Lab – North La Criminalistics Laboratory	8,750	8,960
Less: Amounts retained by collecting agency		
Criminal Court Costs/Fees	<u>167,467</u>	<u>188,348</u>
Total disbursements	<u>193,311</u>	<u>214,663</u>
Total ending balance of amounts collected but not disbursed/retained	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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* A Professional Accounting Corporation

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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have 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 2021-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
October 29, 2021

VILLAGE OF FOREST HILL, LOUISISANA
Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

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

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2017

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Village of Forest Hill's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statement, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition is the result from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

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.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statement, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

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, 2021

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2021-001.

B. Compliance and other matters

None reported.