

**VILLAGE OF FOREST HILL, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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**RETIRED - 2005**

December 22, 2014

### Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen  
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, each major fund and the aggregate remaining fund information of the Village of Forest Hill, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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 entity'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 entity'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.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

*The Honorable, Charles Elliott, Mayor  
And Board of Aldermen  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Basis for Qualified Opinion**

As discussed more fully in Note 15, documentation was not available to support a portion of the transactions reported as fines and forfeitures. Consequently, we were unable to obtain sufficient audit evidence about fines and forfeitures.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, 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 and the aggregate remaining fund information of the Village of Forest Hill, as of June 30, 2014, 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 management's discussion and analysis and budgetary comparison information described in the table of contents 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.

**Other Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forest Hill's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the primary government financial statements of the Village of Forest Hill.

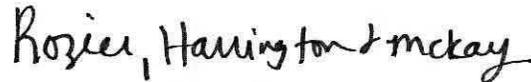
The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

*The Honorable, Charles Elliott, Mayor  
And Board of Aldermen  
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underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the Village of Forest Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Forest Hill's internal control over financial reporting and compliance.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants  
Alexandria, Louisiana  
December 22, 2014

# ROZIER, HARRINGTON & MCKAY

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December 22, 2014

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

The Honorable Charles Elliott, Mayor  
And the Board of Alderman  
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, each major fund, and the aggregate remaining fund information of the Village of Forest Hill, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village of Forest Hill's basic financial statements, and have issued our report thereon dated December 22, 2014.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Village of Forest Hill'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 Forest Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of Forest Hill'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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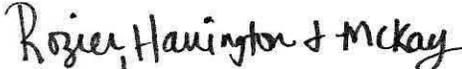
internal control that we consider to be material weaknesses; findings 2014-1 through 2014-3 and 2014-5 through 2014-20, and 2014-22. Additional material weaknesses may exist that have not been identified.

### COMPLIANCE

As part of obtaining reasonable assurance about whether the Village of Forest Hill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*; findings 2014-4 and 2014-21.

### 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 entity'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.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants  
Alexandria, Louisiana  
December 22, 2014

# **Village of Forest Hill**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2014**

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This section of the Village of Forest Hill's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2014.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Village's assets and all of the Village's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the Village's most significant activities and are not intended to provide information for the Village as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Village has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Village's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Village's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

### **FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

A comparative analysis of government-wide financial data is presented as follows:

***Village of Forest Hill***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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**Net Position**

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<b>For the Year Ended June 30, 2014</b>			<b>For the</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Year Ended June 30, 2013</b>
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 175,213	\$ 270,740	\$ 445,953	\$ 728,843
Capital Assets	2,040,142	2,848,737	4,888,879	4,937,541
Total Assets	<u>2,215,355</u>	<u>3,119,477</u>	<u>5,334,832</u>	<u>5,666,384</u>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	109,193	111,987	221,180	310,827
Long-term Liabilities	226,802	183,152	409,954	404,701
Total Liabilities	<u>335,995</u>	<u>295,139</u>	<u>631,134</u>	<u>715,528</u>
<b><u>Net Position:</u></b>				
Invested in Capital Assets (Net)	1,813,340	2,671,229	4,484,569	4,518,894
Restricted	226,802	66,518	293,320	306,854
Unrestricted	(160,782)	86,591	(74,191)	125,108
Total Net Position	<u>\$ 1,879,360</u>	<u>\$ 2,824,338</u>	<u>\$ 4,703,698</u>	<u>\$ 4,950,856</u>

As the presentation appearing above demonstrates, the largest portion of the Village's net position (95.34%) is invested in capital assets. Net position invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The Village uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net position (6.24%) represent resources that are subject to restrictions that are imposed by agreements with the Village's bondholders or requirements imposed by various revenue sources.

No remaining resources are available to be used at the Village's discretion.

**Changes in Net Position**

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

# ***Village of Forest Hill***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2014**

	For the Year Ended June 30, 2014			For the Year Ended June 30, 2013
	Governmental Activities	Business-Type Activities	Total	
<b>Revenues:</b>				
Program Revenue:				
Charges for Services	\$ 350,410	\$ 529,218	\$ 879,628	\$ 770,236
Operating Grants and Contributions	6,000	----	6,000	113,008
Capital Grants and Contributions	27,893	950	28,843	1,004,305
General Revenue:				
Property Taxes	12,396	----	12,396	11,538
Sales Taxes	93,961	----	93,961	87,105
Insurance Tax	8,131	----	8,131	8,148
Franchise Taxes	35,271	----	35,271	67,750
Licenses & Permits	34,672	----	34,672	31,304
Other	115,112	5,452	120,564	13,662
Total Revenue	<u>683,846</u>	<u>535,620</u>	<u>1,219,466</u>	<u>2,107,056</u>
<b>Program Expenses:</b>				
General Government	358,700	----	358,700	306,853
Public Safety				
Police Department	212,669	----	212,669	179,797
Fire Department	86,591	----	86,591	97,770
Public Works				
Highways, Streets, Sanitation	53,987	----	53,987	54,226
Animal Control	296		296	126
Community Development	19,587	----	19,587	16,440
Interest on Long-Term Debt	10,104	----	10,104	10,113
Utility Service				
Natural Gas System	----	277,159	277,159	245,272
Water System	----	320,022	320,022	361,010
Sewer Collection and Treatment	----	127,509	127,509	82,590
Total Expenses	<u>741,934</u>	<u>724,690</u>	<u>1,466,624</u>	<u>1,354,621</u>
Increase in Net Position Before Transfers and Special Items	(58,088)	(189,070)	(247,158)	752,435
Transfers	(6,002)	6,002	----	----
Change in Net Position	<u>(64,090)</u>	<u>(183,068)</u>	<u>(247,158)</u>	<u>752,435</u>
Net Position Beginning	1,943,450	3,007,406	4,950,856	4,198,421
Net Position Ending	<u>\$1,879,360</u>	<u>\$ 2,824,338</u>	<u>\$ 4,703,698</u>	<u>\$ 4,950,856</u>

Governmental activities, excluding transfers, decreased the Village's net position by \$(58,088). The decrease is attributable to using a portion of the Village's reserves to enhance services.

Business-type activities, excluding transfers, decreased the Village's net position by \$189,070. The decrease is attributable to depreciation and attributable to using a portion of the Village's reserves to enhance services.

**Village of Forest Hill**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

An analysis of significant matters affecting the Village's funds is presented as follows:

- Amounts reported for business-type activities in the Village's individual funds are identical to the business-type activities reported in the government-wide presentation.
- The Village's governmental funds reported combined fund balances of 58,043, which represents a decrease of \$98,148.

**GENERAL FUND BUDGET HIGHLIGHTS**

Budgets were amended in order to utilize resources that were not anticipated when the original budget was adopted.

**CAPITAL ASSET ADMINISTRATION**

Capital asset activity for the year ended June 30, 2014 is summarized as follows:

	<b>Gov- ern- mental Activities</b>	<b>Busi- ness- Type Activities</b>	<b>Total</b>
<u>Additions:</u>			
Fire Department Safe Tak Equipment	\$ 3,119	\$ ----	\$ 3,119
Fire Department Radio	1,760	----	1,760
Fire Department Chain and Bar Saw	844	----	844
Senior Citizens Center Construction in Progress	33,705	----	33,705
Police Car Mirror, Lights, and Accessories	1,697	----	1,697
Police Lights for Tahoe	2,751	----	2,751
Pavilion	70,013	----	70,013
Village Sign	12,590	----	12,590
Waterfall/Fountain	12,554	----	12,554
Concession Stand Upgrades	2,620	----	2,620
Water Well #3 Improvements	----	53,737	53,737
Water Line Extension Hwy 497&Jenkins Rd	----	21,903	21,903
Gas Line Extension Hwy 497 & Jenkins Rd	----	11,642	11,642
Sewer 2 Force Mains & Pumps	----	9,800	9,800
Total Additions	141,653	97,082	238,735
Depreciation	(119,990)	(167,407)	(287,397)
Net Increase (Decrease)	21,663	(70,325)	(48,662)
Beginning Capital Asset (Net)	2,018,479	2,919,062	4,937,541
Ending Capital Assets (Net)	<u>\$ 2,040,142</u>	<u>\$ 2,848,737</u>	<u>\$ 4,888,879</u>

**DEBT ADMINISTRATION**

The Village had a debt amount of \$211,175 at the close of fiscal year 2013 in the general fund in the form of a loan from USDA for the purchase of Forest Hill Academy to be renovated as a municipal complex. Monthly Payments of \$1,250 began in fiscal year 2007. The Village had a debt amount of \$15,627 at the close of the fiscal year for the debt incurred in the current year to purchase a Police Vehicle. Monthly Payments of \$753 began in May 2013.

**FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS**

Factors expected to have a significant impact on future operations are highlighted as follows:

# ***Village of Forest Hill***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

***June 30, 2014***

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- No significant factors noted.

# **Village of Forest Hill**

## **STATEMENT OF NET POSITION**

**June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 108,663	\$ 59,009	\$ 167,672
Investments	4,500	92,315	96,815
Receivables (net)	44,867	66,894	111,761
Interest Receivable	16	1,776	1,792
Restricted assets	-	47,548	47,548
Prepaid Expenses	7,977	3,198	11,175
Internal balances	-	-	-
Due from other governments	9,190	-	9,190
Capital assets			
Non depreciable capital assets	117,141	51,131	168,272
Depreciable capital assets, net	<u>1,923,001</u>	<u>2,797,606</u>	<u>4,720,607</u>
<b>Total assets</b>	<u>2,215,355</u>	<u>3,119,477</u>	<u>5,334,832</u>
<b>LIABILITIES</b>			
Accounts and other payables	107,217	41,433	148,650
Accrued Expenses	-	4,036	4,036
Deposits due others	1,976	66,518	68,494
Long-term liabilities			
Compensated Absences	-	5,644	5,644
Long-Term Debt			
Due within one year	14,488	-	14,488
Due in more than one year	<u>212,314</u>	<u>177,508</u>	<u>389,822</u>
<b>Total liabilities</b>	<u>335,995</u>	<u>295,139</u>	<u>631,134</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,813,340	2,671,229	4,484,569
Restricted:			
Debt service	226,802	66,518	293,320
Unrestricted	<u>(160,782)</u>	<u>86,591</u>	<u>(74,191)</u>
<b>Total net position (deficit)</b>	<u>\$ 1,879,360</u>	<u>\$ 2,824,338</u>	<u>\$ 4,703,698</u>

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

# **Village of Forest Hill**

## **STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2014**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b><u>Governmental Activities:</u></b>					
General Government	\$ 358,700	\$ 8,000	\$ -	\$ -	\$ (350,700)
Public Safety	299,260	302,343	6,000	4,685	13,768
Public Works					
Highways, Streets and Sanitation	53,987	40,067	-	-	(13,920)
Animal Control	296	-	-	-	(296)
Community Development	19,587	-	-	23,208	3,621
Interest on Long-Term Debt	10,104	-	-	-	(10,104)
Total Governmental Activities	<u>741,934</u>	<u>350,410</u>	<u>6,000</u>	<u>27,893</u>	<u>(357,631)</u>
<b><u>Business-Type Activities:</u></b>					
Natural Gas System	277,159	212,033	-	-	(65,126)
Water System	320,022	268,191	-	-	(51,831)
Sewer Collection and Treatment	127,509	48,994	-	950	(77,565)
Total Business-Type Activities	<u>724,690</u>	<u>529,218</u>	<u>-</u>	<u>950</u>	<u>(194,522)</u>
Total	<u>\$ 1,466,624</u>	<u>\$ 879,628</u>	<u>\$ 6,000</u>	<u>\$ 28,843</u>	<u>\$ (552,153)</u>

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

# **Village of Forest Hill**

## **STATEMENT OF ACTIVITIES (Continued)**

**Year Ended June 30, 2014**

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Net (Expenses) Revenue</u>
Net (Expense) Revenue (Continued From Previous Page)	\$ (357,631)	\$ (194,522)	\$ (552,153)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	12,396	-	12,396
Sales	93,961	-	93,961
Insurance	8,131	-	8,131
Franchise	35,271	-	35,271
Licenses & Permits	34,672	-	34,672
Unrestricted Investment earnings	50	640	690
Other	115,062	4,812	119,874
Transfers	(6,002)	6,002	-
Total General Revenues, Special Items and Transfers	<u>293,541</u>	<u>11,454</u>	<u>304,995</u>
Change in Net Position	(64,090)	(183,068)	(247,158)
Net Position Beginning	<u>1,943,450</u>	<u>3,007,406</u>	<u>4,950,856</u>
Net Position Ending	<u>\$ 1,879,360</u>	<u>\$ 2,824,338</u>	<u>\$ 4,703,698</u>

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

# **Village of Forest Hill**

## **Balance Sheet**

### **Governmental Funds - June 30, 2014**

	General Fund	Fire Department Fund	Nonmajor Fund	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 65,369	\$ 43,292	\$ 2	\$ 108,663
Investment at Cost	-	4,500	-	4,500
Receivables (net)	30,562	14,305	-	44,867
Interfund Receivables	-	-	-	-
Interest Receivable	-	16	-	16
Due from other governments	9,190	-	-	9,190
<b>Total assets</b>	<b>\$ 105,121</b>	<b>\$ 62,113</b>	<b>\$ 2</b>	<b>\$ 167,236</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable and accrued expenses	\$ 105,913	\$ 1,304	\$ -	\$ 107,217
Retainage Payable	-	-	-	-
Deferred Revenues	-	-	-	-
Deposits Due Others	1,976	-	-	1,976
Interfund Payables	-	-	-	-
<b>Total liabilities</b>	<b>107,889</b>	<b>1,304</b>	<b>-</b>	<b>109,193</b>
<b>Fund Balance</b>				
Nonspendable				
Long Term Advances to Other Funds	-	-	-	-
Restricted For:				
Fire	-	60,809	-	60,809
Unassigned	(2,768)	-	2	(2,766)
<b>Total Fund Balances</b>	<b>(2,768)</b>	<b>60,809</b>	<b>2</b>	<b>58,043</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 105,121</b>	<b>\$ 62,113</b>	<b>\$ 2</b>	<b>\$ 167,236</b>

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

# **Village of Forest Hill**

## **Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position**

**Year Ended June 30, 2014**

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Total Fund Balances - Governmental Funds	\$ 58,043
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(226,802)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,040,142
Costs incurred which benefit more than one period are recorded as an expenditure in the Governmental Funds when paid. The portion relating to the next fiscal year is reported as prepaid expenses in the Statement of Net Position	<u>7,977</u>
Net Position of Governmental Activities	<u>\$ 1,879,360</u>

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

# **Village of Forest Hill**

## **Statement of Revenues, Expenditures and Changes in Fund Balance** **Governmental Funds - Year Ended June 30, 2014**

	General Fund	Fire Department Fund	Nonmajor Fund	Total Governmental Funds
<b><u>Revenues:</u></b>				
Taxes:				
Ad Valorem	\$ 12,396	\$ -	\$ -	\$ 12,396
Sales	58,236	35,725	-	93,961
Insurance	-	8,131	-	8,131
Franchise	35,271	-	-	35,271
Licenses & Permits	34,672	-	-	34,672
Charges for Services	40,067	-	-	40,067
Intergovernmental	13,800	200	-	14,000
Fines and Forfeitures	302,343	-	-	302,343
Grants	23,208	4,685	-	27,893
Interest income	5	45	-	50
Other				
Donations and Fundraiser	2,616	40,833	-	43,449
Sale of Right of Way	55,000	-	-	55,000
Miscellaneous	16,613	-	-	16,613
<b>Total Revenues</b>	<b>594,227</b>	<b>89,619</b>	<b>-</b>	<b>683,846</b>
<b><u>Expenditures:</u></b>				
Current:				
General Government	308,242	-	-	308,242
Public Safety	194,462	52,911	-	247,373
Public Works				
Highways, Streets and Sanitation	53,987	-	-	53,987
Animal Control	296	-	-	296
Capital Expenditures	135,930	5,723	-	141,653
Debt Service				
Principal	14,337	-	-	14,337
Interest and other charges	10,104	-	-	10,104
<b>Total Expenditures</b>	<b>717,358</b>	<b>58,634</b>	<b>-</b>	<b>775,992</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(123,131)</b>	<b>30,985</b>	<b>-</b>	<b>(92,146)</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Debt Proceeds	-	-	-	-
Operating Transfers In	344,151	48,211	-	392,362
Operating Transfers Out	(317,646)	(80,717)	(1)	(398,364)
<b>Excess (Deficiency) of Revenues and Other Sources</b> <b>Over Expenditures and Other Uses</b>	<b>(96,626)</b>	<b>(1,521)</b>	<b>(1)</b>	<b>(98,148)</b>
<b>Fund Balance (Deficit) - Beginning of Year</b>	<b>93,858</b>	<b>62,330</b>	<b>3</b>	<b>156,191</b>
<b>Fund Balance (Deficit) - End of Year</b>	<b>\$ (2,768)</b>	<b>\$ 60,809</b>	<b>\$ 2</b>	<b>\$ 58,043</b>

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

# **Village of Forest Hill**

## **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2014**

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Net change in fund balances of Governmental Funds	\$ (98,148)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation.	21,663
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds until payment is made.	(1,942)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>14,337</u>
Change in net position of governmental activities	<u>\$ (64,090)</u>

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

# **Village of Forest Hill**

## **Statement of Net Position**

**Proprietary Funds - June 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Natural Gas	Water	Sewer	Total
	System	System	System	
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 59,009	\$ 59,009
Investments	-	92,315	-	92,315
Receivables (net)	15,675	43,419	7,800	66,894
Interest Receivable	-	1,776	-	1,776
Prepaid Expenses	1,600	1,598	-	3,198
Total current assets	17,275	139,108	66,809	223,192
Restricted Assets:				
Cash and cash equivalents	4,175	6,299	3,055	13,529
Investments	1,334	32,685	-	34,019
Total restricted assets	5,509	38,984	3,055	47,548
Noncurrent Assets:				
Non depreciable capital assets	17,347	5,145	28,639	51,131
Depreciable capital assets, net	351,939	1,331,524	1,114,143	2,797,606
<b>Total assets</b>	<b>392,070</b>	<b>1,514,761</b>	<b>1,212,646</b>	<b>3,119,477</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts and other payables	9,626	18,451	13,356	41,433
Accrued Expenses	1,727	1,577	732	4,036
Deposits due others	24,479	38,984	3,055	66,518
Total current liabilities	35,832	59,012	17,143	111,987
Noncurrent Liabilities:				
Compensated absences	3,721	1,923	-	5,644
Long-term debt	88,754	88,754	-	177,508
<b>Total liabilities</b>	<b>128,307</b>	<b>149,689</b>	<b>17,143</b>	<b>295,139</b>
<b>NET POSITION:</b>				
Invested in capital assets, net of related debt	280,532	1,247,915	1,142,782	2,671,229
Restricted for debt service	24,479	6,299	3,055	33,833
Unrestricted	(41,248)	110,858	49,666	119,276
<b>Total net position (deficit)</b>	<b>\$ 263,763</b>	<b>\$ 1,365,072</b>	<b>\$ 1,195,503</b>	<b>\$ 2,824,338</b>

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

# **Village of Forest Hill**

## **Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Natural Gas System	Water System	Sewer System	Total
<b><u>Operating Revenues:</u></b>				
Service Fees	\$ 212,033	\$ 268,191	\$ 48,994	\$ 529,218
Other	1,663	630	2,519	4,812
<b>Total Operating Revenues</b>	<b>213,696</b>	<b>268,821</b>	<b>51,513</b>	<b>534,030</b>
<b><u>Operating Expenses:</u></b>				
Purchases (Gas and Water)	102,753	-	-	102,753
Salaries and Benefits	72,447	81,181	27,636	181,264
Legal and Professional	15,332	20,027	21,737	57,096
System Repairs, Maintenance and Connections	17,190	44,786	14,961	76,937
Office, postage and printing	4,676	3,874	224	8,774
Training and Certification	4,743	1,493	65	6,301
Utilities	1,521	39,676	7,306	48,503
Vehicle and Travel	8,255	7,209	520	15,984
Insurance	27,127	20,744	7,727	55,598
Permits and Testing	-	254	-	254
Depreciation	21,611	99,802	45,994	167,407
Other	1,504	976	1,339	3,819
<b>Total Operating Expenses</b>	<b>277,159</b>	<b>320,022</b>	<b>127,509</b>	<b>724,690</b>
<b>Operating Income (Loss)</b>	<b>(63,463)</b>	<b>(51,201)</b>	<b>(75,996)</b>	<b>(190,660)</b>
<b><u>Nonoperating Revenues (Expenses):</u></b>				
Interest Revenue	2	638	-	640
Interest Expense	-	-	-	-
<b>Change in Net Assets Before Contributions and Transfers</b>	<b>(63,461)</b>	<b>(50,563)</b>	<b>(75,996)</b>	<b>(190,020)</b>
<b><u>Contributions and Transfers:</u></b>				
Capital Contributions	-	-	950	950
Operating Transfers In	85,277	225,206	167,986	478,469
Operating Transfers Out	(41,909)	(284,587)	(145,971)	(472,467)
<b>Change in net position</b>	<b>(20,093)</b>	<b>(109,944)</b>	<b>(53,031)</b>	<b>(183,068)</b>
<b>Total net position - beginning</b>	<b>283,856</b>	<b>1,475,016</b>	<b>1,248,534</b>	<b>3,007,406</b>
<b>Total net position - ending</b>	<b>\$ 263,763</b>	<b>\$ 1,365,072</b>	<b>\$ 1,195,503</b>	<b>\$ 2,824,338</b>

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

# **Village of Forest Hill**

## **Statement of Cash Flows**

### **Proprietary Funds - Year Ended June 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Natural Gas System	Water System	Sewer System	Total
<b><u>Cash flow from operating activities:</u></b>				
Cash received from customers	\$ 219,120	\$ 272,135	\$ 52,617	\$ 543,872
Cash payments to suppliers of goods and services	(178,525)	(136,809)	(47,323)	(362,657)
Cash payments to employees for services	(70,720)	(79,604)	(26,904)	(177,228)
Net cash provided (used) by operating activities	(30,125)	55,722	(21,610)	3,987
<b><u>Cash flows from non-capital financing activities:</u></b>				
Net change in customer meter deposits	64	453	286	803
Change in interfund balances	-	-	-	-
Operating transfers in	85,277	225,206	167,986	478,469
Operating transfers out	(41,909)	(284,587)	(145,971)	(472,467)
Net cash provided (used) by non-capital financing activities	43,432	(58,928)	22,301	6,805
<b><u>Cash flows from capital and related financing activities:</u></b>				
Capital expenditures, including construction in progress	(11,642)	(75,639)	(9,800)	(97,081)
Capital grant proceeds	-	-	950	950
Net Change in Investments, transfer of funds to checking	-	78,000	-	78,000
Net Change in Due from Other Governments	-	-	124,671	124,671
Net Change in Grant Related Payables	-	-	(128,687)	(128,687)
Principle paid on revenue bonds	-	-	-	-
Interest paid on debt instruments	-	-	-	-
Net cash provided (used) by capital and related financing activities	(11,642)	2,361	(12,866)	(22,147)
<b><u>Cash flows from investing activities:</u></b>				
Interest and other income	2	638	-	640
Net cash provided (used) by investing activities	2	638	-	640
<b>Net increase (decrease) in cash</b>	<b>1,667</b>	<b>(207)</b>	<b>(12,175)</b>	<b>(10,715)</b>
<b>Beginning cash balance, including restricted cash</b>	<b>2,508</b>	<b>6,506</b>	<b>74,239</b>	<b>83,253</b>
<b>Ending cash balance</b>	<b>4,175</b>	<b>6,299</b>	<b>62,064</b>	<b>72,538</b>
<b>Restricted cash and cash equivalents</b>	<b>4,175</b>	<b>6,299</b>	<b>3,055</b>	<b>13,529</b>
<b>Cash and cash equivalents</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,009</b>	<b>\$ 59,009</b>

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

# **Village of Forest Hill**

## **Statement of Cash Flows (Continued)**

### **Proprietary Funds - Year Ended June 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Natural Gas System	Water System	Sewer System	Total
<b><u>Reconciliation of operating income (loss)</u></b>				
<b><u>to net cash provided (used) by operating</u></b>				
<b><u>activities</u></b>				
Operating income (loss)	\$ (63,463)	\$ (51,201)	\$ (75,996)	\$ (190,660)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	21,611	99,802	45,994	167,407
(Increase) decrease in accounts receivable	5,424	3,314	1,104	9,842
(Increase) decrease in prepaid expenses	2,137	2,139	-	4,276
(Decrease) increase in accounts and other payables	2,439	91	6,556	9,086
(Decrease) increase in accrued expenses	1,727	1,577	732	4,036
(Decrease) increase in compensated absences	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ (30,125)</u>	<u>\$ 55,722</u>	<u>\$ (21,610)</u>	<u>\$ 3,987</u>

#### **Supplemental disclosures of cash flow information:**

During the year ended June 30, 2014, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

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

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Forest Hill (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Alderman. Services provided by the Village include police protection, fire protection, street maintenance, drainage, recreation and sanitation. The Village also operates a natural gas distribution system, a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

**Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the Village of Forest Hill for financial reporting purposes. Based on these criteria the Village has no potential component units. The criteria considered are listed as follows:

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the Village to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises.

The government-wide and fund financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

**Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Village's major funds are described as follows:

**Major Governmental Funds**

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Fire Department – A special revenue fund used to account for tax revenue dedicated to fire protection.

**Major Business-Type Funds**

Natural Gas System – Used to account for natural gas distribution, which is supported by user charges.

Water System – Used to account for water distribution, which is supported by user charges.

Sewer System – Used to account for sewer collection and treatment, which is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

**Basis Of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

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Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

**Use of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Restricted Assets:**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources. General Fund, Gas System Fund, Water System Fund and Sewer System Fund assets classified as restricted represent "customers' deposits" amounts received from individuals for utility deposits. These deposits are payable upon discontinuance of service.

**Budget Practices:**

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Village budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

**Capital Assets**

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Village. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

**Cash, Cash Equivalents and Investments:**

Amounts reported as cash and cash equivalents include all cash on hand, in demand deposits, and in time deposits. For the purpose of the statement of cash flows, the Village considers highly liquid investments, excluding restricted assets, with maturity of three months or less when acquired to be cash equivalents. Investments of the Village consist of certificate of deposits with maturities greater than three months and investments with the Louisiana Asset Management Pool (LAMP).

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Inventory**

Inventories are accounted for in the General Fund and the Enterprise Funds as expenditures or expenses when purchased. Amounts on hand, if any, are immaterial.

**Internal Activity:**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

**Bad Debts**

Bad debts arising from customers' utility receivables are recognized by the direct charge-off method, whereby uncollectible accounts are written off upon delinquency. At June 30, 2013 the Village considered all utility receivables collectible.

**Compensated Absences**

Full time employees earn vacation at rates ranging from 10 to 20 days per year depending on length of service. Unused vacation that employees are allowed to carry forward is reported as a liability. The portion of the liability for compensated absences attributable to governmental funds and activities is typically liquidated by the general fund.

**Fund Balance Classification:**

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Village typically depletes the available restricted or committed resources before consuming unrestricted resources.

**Use of Estimates:**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

At June 30, 2014, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash Deposited in Banks	\$ 108,363	\$ 59,009	\$ 167,372
Cash on Hand	300	-----	300
Total Cash	108,663	59,009	167,672
Restricted Cash	----	13,529	13,529
Cash and Cash Equivalents	<u>\$ 108,663</u>	<u>\$ 72,538</u>	<u>\$ 181,201</u>

***Village of Forest Hill***  
***Notes to Financial Statements***  
***June 30, 2014***

INVESTMENTS	Governmental Activities	Business-Type Activities	Total
Certificates of deposit	\$ 4,500	\$ 90,981	\$ 95,481
Investment in Louisiana Asset Management Pool	-----	1,334	1,334
Total Investments	4,500	92,315	96,815
Restricted Investments	-----	34,019	34,019
Investments, Unrestricted	<u>\$ 4,500</u>	<u>\$ 126,334</u>	<u>\$ 130,834</u>

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. No securities were pledged in the current year due to sufficient coverage by FDIC Insurance. 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. At June 30, 2014, the Village has \$308,351 in deposits, including certificates of deposits and LAMP Investment (\$311,735 collected bank balance). These deposits are adequately insured by federal deposit insurance.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable for the year ended June 30, 2014 are summarized as follows:

<u>Accounts Receivable</u>	Governmental Activities	Business-Type Activities	Total
Charges for Services	\$ 6,837	\$ 64,819	\$ 71,656
Sales Tax	16,548	-----	16,548
Insurance Tax	8,132	-----	8,132
Insurance Claim	-----	2,075	2,075
Franchise Tax	8,068	-----	8,068
Occupational License	5,282	-----	5,282
Total Accounts Receivable	<u>44,867</u>	<u>66,894</u>	<u>111,761</u>
<u>Due From Other Governmental Units</u>			
Grant Reimbursement	9,190	-----	9,190
Other	-----	-----	-----
Total Due From Other Governments	<u>9,190</u>	<u>-----</u>	<u>9,190</u>
Total Receivables	<u>\$ 54,057</u>	<u>\$ 66,894</u>	<u>\$ 120,951</u>

**NOTE 4 - CAPITAL ASSETS**

Changes in governmental and business-type capital assets are presented as follows:

	Non Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<b><u>Governmental Activities</u></b>				
Land	\$ 83,436	\$ -----	\$ ----	\$ 83,436
Construction in Process	-----	33,705	----	33,705
Total Governmental Activities	<u>\$ 83,436</u>	<u>\$ 33,705</u>	<u>-----</u>	<u>\$ 117,141</u>

***Village of Forest Hill***  
***Notes to Financial Statements***  
***June 30, 2014***

	Non Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<b><u>Business-Type Activities</u></b>				
Water System				
Land	\$ 5,145	\$ ----	\$ ----	\$ 5,145
Construction in Process	10,795	----	(10,795)	----
Sewer System				
Land	28,639	----	----	28,639
Construction in Process	5,000	----	(5,000)	----
Gas System				
Land	17,347	----	----	17,347
Total Business-Type Activities	<u>\$ 66,926</u>	<u>\$ ----</u>	<u>\$ (15,795)</u>	<u>\$ 51,131</u>

	Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<b><u>Governmental Activities</u></b>				
Buildings and Improvements	\$ 920,979	\$ 97,776	\$ ----	\$ 1,018,755
Furniture, Fixtures and Equipment	903,313	10,172	----	913,485
Infrastructure	1,014,720	----	----	1,014,720
Accumulated Depreciation	(903,969)	(119,990)	----	(1,023,959)
Total Governmental Activities	<u>\$ 1,935,043</u>	<u>\$ (12,042)</u>	<u>\$ ----</u>	<u>\$ 1,923,001</u>

<b><u>Business-Type Activities</u></b>				
Natural Gas System				
Buildings and Improvements	\$ 5,014	\$ ----	\$ ----	\$ 5,014
Furniture, Fixtures and Equipment	110,585	----	----	110,585
Natural Gas System	728,797	11,642	----	740,439
Accumulated Depreciation	(482,488)	(21,611)	----	(504,099)
Total Natural Gas System	<u>361,908</u>	<u>(9,969)</u>	<u>----</u>	<u>351,939</u>
Water System				
Buildings and Improvements	24,654	----	----	24,654
Furniture, Fixtures and Equipment	362,516	53,735	----	416,251
Water System	2,544,453	32,698	----	2,577,151
Accumulated Depreciation	(1,586,730)	(99,802)	----	(1,686,532)
Total Water System	<u>1,344,893</u>	<u>(13,369)</u>	<u>----</u>	<u>1,331,524</u>
Sewer System				
Buildings and Improvements	23,529	----	----	23,529
Furniture, Fixtures and Equipment	187,511	9,800	----	197,311
Sewer System	1,371,979	5,002	----	1,376,981
Accumulated Depreciation	(437,684)	(45,994)	----	(483,678)
Total Sewer System	<u>1,145,335</u>	<u>(31,192)</u>	<u>----</u>	<u>1,114,143</u>
Total Business-Type	<u>\$ 2,852,136</u>	<u>\$ (54,530)</u>	<u>\$ ----</u>	<u>\$ 2,797,606</u>

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Police Department	\$ 18,207	\$ ----	\$ 18,207
Fire Department	33,209	----	33,209
Streets and Public Facilities	688	----	688
General Government	48,299	----	48,299
Community Development	19,587	----	19,587
Natural Gas System	----	21,611	21,611
Water System	----	99,802	99,802
Sewer System	----	45,994	45,994
Total Depreciation Expense	<u>\$ 119,990</u>	<u>\$ 167,407</u>	<u>\$ 287,397</u>

**NOTE 5 – ACCOUNTS, OTHER AND RETAINAGE PAYABLES**

Details related to amounts reported as accounts and other payables are provided as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Accounts and Other Payables</b>			
Payable to Vendors	\$ 86,907	\$ 41,433	\$ 128,340
Payable Under Construction Contracts	10,150	----	10,150
Other	10,160	----	10,160
Total	<u>\$ 107,217</u>	<u>\$ 41,433</u>	<u>\$ 148,650</u>

**NOTE 6 - LONG-TERM LIABILITIES**

Bonds Payable and Long-term liabilities are presented below. Bonds Payable attributable to the renovation of the Forest Hill Academy are reported as an obligation of the General Fund. In order to finance renovation of the Forest Hill Academy to be a municipal complex, the Village acquired permanent funding from USDA Rural Development. The bond is for \$250,000 at an interest rate of 4.375% with a thirty-year maturity. The balance outstanding at year end was \$211,175. In the current year the Village incurred debt for the purchase of a police vehicle. The original loan balance was \$25,694. Monthly payments are \$753, to be paid over a 36 month period with an interest rate of 3.50%. The balance outstanding at year end was \$15,627. The relocation of utility lines along Highway 165 is reported as an obligation of the Village's business-type enterprise funds. The Village began a construction project in conjunction with the Louisiana State Department of Transportation during the year ended June 30, 2007. The project was to relocate utility lines along Highway 165. A portion of the funding required was finance through the State Utility Relocation Assistance Funding (URAF) According to the contract between the Village and the State of Louisiana, the funding is payable to the State in a lump sum with no interest calculated upon completion of the project. Payment options are available. The URAF costs obligated at June 30, 2014 are \$177,508. The Village's long-term liabilities are summarized as follows:

***Village of Forest Hill***  
***Notes to Financial Statements***  
***June 30, 2014***

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Compensated Absences	\$ ----	\$ 5,644	\$ 5,644
Long-Term Debt	226,802	177,508	404,310
Total Long-Term Liabilities	<u>\$ 226,802</u>	<u>\$ 183,152</u>	<u>\$ 409,954</u>

Payments to employees for compensated absences are typically made from the fund are funds that provide the employees ordinary compensation. Details regarding the Village's long-term debt are provided as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Long-Term Debt</u></b>			
Revenue Bonds	\$ 211,175	\$ ----	\$ 211,175
Lease Obligation Payable	15,627	----	15,627
URAF Payable	----	177,508	177,508
Total Long-term Debt	226,802	177,508	404,310
Due Within One Year	14,488	----	14,488
Due in More Than One Year	<u>\$ 212,314</u>	<u>\$ 177,508</u>	<u>\$ 389,822</u>

Long-term debt activity during the year ended June 30, 2014 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Lease Obligation Payable	\$ 24,338	\$ ----	\$ 8,711	\$ 15,627
Revenue Bonds	216,801	----	5,626	211,175
Total Governmental Activities	<u>241,139</u>	<u>----</u>	<u>14,337</u>	<u>226,802</u>
<b><u>Business-Type Activities</u></b>				
URAF Payable	177,508	----	----	177,508
Total Business-Type Activities	<u>177,508</u>	<u>----</u>	<u>----</u>	<u>177,508</u>
Total Long-term Debts	<u>\$ 418,647</u>	<u>\$ ----</u>	<u>\$ 14,337</u>	<u>\$ 404,310</u>

**Maturity of Long-term Debt**

A schedule of maturities of long-term debt excluding compensated absences, capital leases and Utility Relocation Assistance Funding (URAF) is presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b><u>Governmental Activities</u></b>			
2016	13,158	8,979	22,137
2017	6,415	8,585	15,000
2018	6,701	8,299	15,000
2019	7,000	8,000	15,000
2020	7,313	7,687	15,000
2021-2036	171,727	68,273	240,000
Total Governmental	<u>\$ 212,314</u>	<u>\$ 109,823</u>	<u>322,137</u>

During the year ended June 30, 2014, the Village incurred interest expense in the amount of 10,104.

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 7 – TAXES:**

**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.

**Sales Taxes:**

Sales taxes are collected by the Parish of Rapides and remitted to the Village on a monthly basis. For the year ended June 30, 2014 the Village has levied sales taxes described as follows:

- A 0.5% city sales and use tax is collected for the Village by the Rapides Parish Sales Tax Office. This Village has dedicated these taxes for fire protection and emergency services.
- Fifteen hundredths percent (0.15%) of a one percent (1%) sales tax is allocated to the Village. The tax is available for the General Fund's use for any lawful general purpose.
- Sixty-two hundredths percent (0.62%) of a one-half percent (0.5%) sales tax collected by Rapides Parish Police Jury for Sales Tax District 3 is allocated to the Village. It is available to be used for paying general operating expenses and salaries of municipal employees. The Village has dedicated the funds for the cost of garbage collection and sanitation services provided by the Village in addition to paying for general operating expenses. This rate was set to expire May 30, 2012. The one-half percent sales tax for District No. 3 was renewed in perpetuity on April 2, 2011 with the percentage of tax revenue allocated to each municipality, including the Village; annually in July based on the most recently published Federal/State Cooperative Population estimate by and between the U.S. Census Bureau and Louisiana Tech University to reflect population changes. For the year ended June 30, 2014 the Village's rate will be .6743% of the one-half (.5%) sales tax collected. This rate may be reallocated annually.

The Rapides Parish Police Jury Sales Tax Department Collects all sales tax.

**NOTE 8- RISK MANAGEMENT**

The Village is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance.

**NOTE 9 – RESTRICTIONS AND COMMITMENTS**

Details regarding limitations imposed on the use of various resources are summarized as follows:

**Long Term Advances**

A portion of the General Fund's assets have been advanced to utility funds and repayment is not anticipated in the near future. Since these resources are not available to finance current expenditures, a portion of the general fund balance is reported as non-spendable.

**Village of Forest Hill**  
**Notes to Financial Statements**  
**June 30, 2014**

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**NOTE 10 – PENSION PLANS**

The Village has a Deferred Compensation Plan. The Village employees contribute an amount of their choosing to the plan and the Village matches 50% of the employee's contributions up to 7.5% of the employee's base pay. For Police Employees the Village matches the employee's contribution up to the current social security tax withholding rate.

**NOTE 11 – INTERNAL BALANCES**

In some cases resources available in particular funds have been used to supplement the operations of other funds. Internal receivables and payables have arisen as a result of these transactions. In the current year the board approved the removal the existing Internal Balances through current transfers in and out accounts. As of June 30, 2014 all internal balances have been eliminated.

**NOTE 12 - TRANSFERS**

In the ordinary course of business, the Village routinely transfers resources between its funds to utilize resources where needed. Transfers during the year ended June 30, 2014 are summarized as follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Net</u>
<b><u>Governmental Funds</u></b>			
General Fund	\$ 344,151	\$ 317,646	\$ 26,505
Fire Department Fund	48,211	80,717	(32,506)
LCDBG Fund	----	1	(1)
Total Governmental Funds	<u>392,362</u>	<u>398,364</u>	<u>(6,002)</u>
<b><u>Business Type Funds</u></b>			
Natural Gas System	85,277	41,909	43,368
Water System	225,206	284,587	(59,381)
Sewer System	167,986	145,971	22,015
Total Business Type Funds	<u>478,469</u>	<u>472,467</u>	<u>6,002</u>
Total	<u>\$ 906,668</u>	<u>\$ 906,668</u>	<u>\$ ----</u>

**NOTE 13 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2014 are described as follows:

**Litigation**

Like most governmental units with extensive and diverse operations, the Village is occasionally named as a defendant in litigation. Based on consultation with Village Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

**Grant Compliance**

The Village receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

**Village of Forest Hill**  
***Notes to Financial Statements***  
***June 30, 2014***

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**NOTE 14 – ON BEHALF PAYMENTS**

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 6,000
Total	<u>\$ 6,000</u>

**NOTE 15 – TRAFFIC TICKET PROCESSING**

Due to clerical deficiencies in the process for administering traffic citation collections, documentation was not available to support some of the amounts reported as revenue from fines and court costs. It was not practical to determine any misstatement that may have occurred as a consequence of this matter.

# Village of Forest Hill

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>Revenues:</u></b>				
Taxes	\$ 116,000	\$ 129,423	\$ 105,903	\$ (23,520)
Licenses & Permits	30,000	33,000	34,672	1,672
Charges for Services	48,000	40,980	40,067	(913)
Intergovernmental	-	-	13,800	13,800
Fines and Forfeitures	250,000	307,309	302,343	(4,966)
Interest Income	9,900	-	5	5
Grants and Loans	300,000	94,017	23,208	(70,809)
Other	13,500	76,880	74,229	(2,651)
<b>Total Revenues</b>	<b>767,400</b>	<b>681,609</b>	<b>594,227</b>	<b>(87,382)</b>
<b><u>Expenditures:</u></b>				
Current:				
General Government	316,900	326,138	308,242	17,896
Public Safety	-	-	-	-
Police Department	233,225	198,353	194,462	3,891
Public Works	-	-	-	-
Highways, Streets and Sanitation	66,450	50,429	54,283	(3,854)
Recreation	3,600	-	-	-
Capital Expenditures	250,000	205,774	135,930	69,844
Interest Expense	10,000	-	10,104	(10,104)
Debt Service	15,000	15,000	14,337	663
<b>Total Expenditures</b>	<b>895,175</b>	<b>795,694</b>	<b>717,358</b>	<b>78,336</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(127,775)</b>	<b>(114,085)</b>	<b>(123,131)</b>	<b>(9,046)</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Debt Proceeds	-	-	-	-
Operating Transfers In	200,863	167,413	344,151	176,738
Operating Transfers Out	-	-	(317,646)	(317,646)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>73,088</b>	<b>53,328</b>	<b>(96,626)</b>	<b>(149,954)</b>
<b>Fund Balance (Deficit) - Beginning of Year</b>	<b>93,858</b>	<b>93,858</b>	<b>93,858</b>	<b>-</b>
<b>Fund Balance (Deficit) - End of Year</b>	<b>\$ 166,946</b>	<b>\$ 147,186</b>	<b>\$ (2,768)</b>	<b>\$ (149,954)</b>

# **Village of Forest Hill**

Fire Department, Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>Revenues:</u></b>	97,600	62,806	89,619	26,813
<b><u>Expenditures:</u></b>				
Current:				
Public Safety				
Fire Department	106,825	116,134	52,911	63,223
Fire Department Lease Expense	8,400	-		
Fire Capital Outlay	-	-	5,723	(5,723)
<b>Total Expenditures</b>	<u>115,225</u>	<u>116,134</u>	<u>58,634</u>	<u>57,500</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(17,625)	(53,328)	30,985	84,313
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers In	-	-	48,211	48,211
Operating Transfers Out	-	-	(80,717)	(80,717)
<b>Excess (Deficiency) of Revenues and Other Sources     Over Expenditures and Other Uses</b>	(17,625)	(53,328)	(1,521)	51,807
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>62,330</u>	<u>62,330</u>	<u>62,330</u>	<u>-</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 44,705</u>	<u>\$ 9,002</u>	<u>\$ 60,809</u>	<u>\$ 51,807</u>

# **Village of Forest Hill**

## ***Schedule of Compensation Paid to Board Members For the year ended June 30, 2014***

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Charles Elliott-Mayor	4,800
Donna Arrington-Alderman	2,400
Johnny Souther-Alderman	2,400
Danny L. Perkins	<u>2,400</u>
Total Compensation	<u>\$ 12,000</u>

# **Village of Forest Hill**

## **Summary of Findings and Questioned Cost**

**June 30, 2014**

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### **Part I - Summary of Auditor's Results**

- The Independent Auditor's Report on the financial statements for the Village of Forest Hill as of June 30, 2014 and for the year then ended expressed a qualified opinion.
- The results of the audit disclosed two instances (2014-4 and 2014-21) of noncompliance that are considered to be material to the financial statements of the Village of Forest Hill.
- The audit disclosed twenty deficiencies in internal control (audit findings 2014-1 through 2014-3, and 2014-5 through 2014-20, and 2014-22) which are required to be reported as material weakness.
- The Village was not required to have a Single Audit; therefore, none of the reporting requirements of OMB Circular A-133 was required.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- **Finding 2014-1: Personal Charges by Management:** During our audit procedures we became aware of three separate instances of personal charges made by the Clerk on the Village Credit Card. See Appendix A for additional information.
- **Finding 2014-2: Unallowable payments to Management:** During our procedures we became aware of a payment to the Clerk that was an additional payment, in excess of her authorized wage. See Appendix A for additional information.
- **Finding 2014-3: Intentional and Fraudulent Change to Financial Records:** During our audit procedures we became aware of; and the Clerk admitted to; purposely changing the payee to another employee in the General Ledger System for the unallowed payment reported in Finding 2014-2 to the Clerk. See Appendix A for additional information.
- **Finding 2014-4: Budget Variances:** The Town is required to present budget comparison for the General Fund and the Fire Fund. Unfavorable budget variances reported by the Fire Fund and the General Fund exceeded limits permitted by State Law. In order to avoid future non-compliance issues, we suggest carefully monitoring income and expenses. In addition, when the monitoring indicates that unfavorable variances are expected occur, the budgets should be amended accordingly.
- **Finding 2014-5: Traffic Citation Administration:** Audit procedures have revealed some weaknesses related to the administration and collections of traffic citations. For some of the citations reported in the computer system, the staff could not locate the original document. In some cases, information concerning payments received was not timely and properly recorded in the computer system and adequate supporting documentation was not maintained for fines collected. These critical procedures have not been completed in a timely manner.

# **Village of Forest Hill**

## **Summary of Findings and Questioned Cost**

**June 30, 2014**

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- **Finding 2014-6: Billing of Utilities:** The Village did not accurately bill natural gas during the audit period due to incorrect input of the information into the billing system. This resulted in approximately \$30,000 of unbilled revenues.
- **Finding: 2014-7: Failure to withhold payroll taxes:** During our procedures we became aware that employees who worked for the Nursery Festival event were not paid through the payroll system and as a result payroll taxes were not withheld.
- **Finding: 2014-8: Purchasing Procedures:** It has been determined that the Village purchased Flowers for ill and/or deceased citizens. This is a violation of the Louisiana Constitution.
- **Finding: 2014-9: Purchasing Procedures:** It has been determined that the Village purchased alcohol with Village Funds. This is a violation of the Louisiana Constitution.
- **Finding: 2014-10: Purchasing Procedures:** It has been determined that the Village purchased numerous meals that did not have a specific allowable business purpose identified. The Village also purchased meals for a Village Christmas party. This is a violation of the Louisiana Constitution.
- **Finding: 2014-11: Purchasing Procedures:** It has been determined that the Village donated money to a non profit organization. This is a violation of the Louisiana Constitution.
- **Finding: 2014-12: Sales Tax Paid:** During our procedures we became aware that the Village paid sales tax on some invoices. The Village is exempt from sales tax.
- **Finding 2014-13: Improper Check Signatures:** During our procedures we noted a check that cleared the bank that had no signatures. Village policy requires to signatures.
- **Finding 2014-14: Improper Controls over Checks:** During our procedures we became aware of blank checks that were signed and given to the Clerk for use during absences of second party signors.
- **Finding 2014-15: Improper controls over deposits:** During our audit we became aware of a deposit that was short and that the employee later deposited her personal money for the difference. Controls should be in place to verify amounts collected and deposited in a timely manner so that any errors can be properly identified and corrected.
- **Finding: 2014-16: Employee Sick and Vacation Records:** It has been determined that the Village has not been properly tracking employee sick and vacation time. We noted during our procedures that an employee was paid for vacation time that was not yet earned. It was also noted that records related to sick and vacation time were not being maintained adequately for all employees.

# **Village of Forest Hill**

## **Summary of Findings and Questioned Cost**

**June 30, 2014**

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- **Finding: 2014-17: Financial records not being maintained timely and consistently:** During our audit we became aware that the deposits were not being recorded in the general ledger system in a timely manner to ensure financial data availability and accuracy in a timely manner. Financial information should be maintained on a consistent, timely basis to ensure proper financial information is available and as a control measure to ensure the daily procedures are being properly followed.
- **Finding 2014-18: Utility Cut Off Procedure:** Utility Arrears greater than 20 days are increasing. During our procedures we also noted some employees are slow to pay. The Village should strictly enforce cutoff procedures for all utility customers.
- **Finding 2014-19: Utility Billing Adjustments:** Utility adjustments are being made for customers who have a receipt and the payment is not posted to the account as well as billing errors. During our audit period no procedures were in place to account for the adjustments being made. We recommend Adjustment policies be implemented to include a procedure for adjustments to be approved before they are made. Also adjustments should be reviewed atleast monthly and support for adjustments should be maintained
- **Finding 2014-20: Failure to maintain supporting documentation:** Supporting documents were not available for some disbursements made during the audit period. The Village should properly maintain supporting documents for all disbursements.
- **Finding 2014-21: Transfers from Fire Fund:** During the year funds were reported as being transferred from the Fire Fund that were the result of payments for Pavilion related expenditures and other General Fund Expenditures. These payments may not meet the requirements established by the Council for allowable uses of Fire Department Fund monies.
- **Finding 2014-22: Salary Increase Approval Process:** Salary increases for the Police Chief and the Clerk were not adopted by Ordinance based on information available during audit procedures.

### **PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- Not Applicable

# **VILLAGE OF FOREST HILL**

## **Management's Corrective Action Plan**

**June 30, 2014**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>Finding 2014-1: Personal Charges by Management:</u></b></p> <p>During our audit procedures we became aware of three separate instances of personal charges made by the Clerk on the Village Credit Card. See Appendix A for additional information.</p>	<p><b><u>Response:</u></b></p> <p>Immediately upon becoming aware of this activity, the Village was reimbursed for these charges by the Clerk.</p>
<p><b><u>Finding 2014-2: Unallowable payments to Management:</u></b></p> <p>During our procedures we became aware of a payment to the Clerk that was an additional payment, in excess of her authorized wage. See Appendix A for additional information.</p>	<p><b><u>Response:</u></b></p> <p>Once the situation was brought to light, the Clerk immediately reimbursed the Village for the full amount.</p>
<p><b><u>Finding 2014-3: Intentional and Fraudulent Change to Financial Records:</u></b></p> <p>During our audit procedures we became aware of; and the Clerk admitted to; purposely changing the payee to another employee in the General Ledger System for the unallowed payment reported in Finding 2014-2 to the Clerk. See Appendix A for additional information.</p>	<p><b><u>Response:</u></b></p> <p>The Clerk was reprimanded for this action and advised that any repeat of this type of activity would be cause for dismissal.</p>
<p><b><u>Finding 2014-4: Budget Variances:</u></b></p> <p>The Town is required to present budget comparison for the General Fund and the Fire Fund. Unfavorable budget variances reported by the Fire Fund and the General Fund exceeded limits permitted by State Law. In order to avoid future non-compliance issues, we suggest carefully monitoring income and expenses. In addition, when the monitoring indicates that unfavorable variances are expected occur, the budgets should be amended accordingly.</p>	<p><b><u>Response:</u></b></p> <p>At the May 2014 Council Meeting Ordinance 190-14 was introduced to amend the Operating Budget and expenditures for the General Fund and Fire Dept. Fund. This ordinance was approved at the June 12, 2014 council meeting.</p>

# **VILLAGE OF FOREST HILL**

## ***Management's Corrective Action Plan***

***June 30, 2014***

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**Finding 2014-5: Traffic Citation Administration:**

Audit procedures have revealed some weaknesses related to the administration and collections of traffic citations. For some of the citations reported in the computer system, the staff could not locate the original document. In some cases, information concerning payments received was not timely and properly recorded in the computer system and adequate supporting documentation was not maintained for fines collected. These critical procedures have not been completed in a timely manner.

**Finding 2014-6: Billing of Utilities:**

The Village did not accurately bill natural gas during the audit period due to incorrect input of the information into the billing system. This resulted in approximately \$30,000 of unbilled revenues.

**Finding: 2014-7: Failure to withhold payroll taxes:**

During our procedures we became aware that employees who worked for the Nursery Festival event were not paid through the payroll system and as a result payroll taxes were not withheld.

**Finding: 2014-8: Purchasing Procedures:**

It has been determined that the Village purchased Flowers for ill and/or deceased citizens. This is a violation of the Louisiana Constitution.

**Finding: 2014-9: Purchasing Procedures:**

It has been determined that the Village purchased alcohol with Village Funds. This is a violation of the Louisiana Constitution.

**Finding: 2014-10: Purchasing Procedures:**

It has been determined that the Village purchased numerous meals that did not have a specific allowable business purpose identified. The Village also purchased meals for a Village Christmas party. This is a violation of the Louisiana Constitution.

**Response:**

It was determined well prior to the audit that the Village had a large amount of receivables from traffic citations dating back to 2008 and no prior attempt by prior administrations to collect these receivables. We began to monitor these amounts, the adjustments made by the Police Department and found that none had been transmitted to the respective DMV's for ultimate collection. This was done in July and August 2014 and is being closely watched each month. We developed a reconciliation process to ensure all fines collected are equal to the amounts entered into the computer systems financial records.

**Response:**

An immediate training session was instituted to instruct personnel in proper calculation of billing amounts due. Clerk has to sign such calculation verifying accuracy each month.

**Response:**

We have instructed the appropriate personnel that all paychecks to employees regardless of the function they are performing must be paid using the payroll software and that the applicable payroll taxes must be withheld on all payments.

**Response:**

At the time of this audit finding, the Village had already been reimbursed. Procedures have been implemented to keep this from happening in the future.

**Response:**

Village was immediately reimbursed prior to audit finding. Council authorized change to per diem payments for meals when employees are traveling out of town on Village business.

**Response:**

Village was immediately reimbursed prior to audit finding. This was self-reported. Procedures have been put in place to not allow such activity in the future.

# **VILLAGE OF FOREST HILL**

## **Management's Corrective Action Plan**

**June 30, 2014**

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<p><b><u>Finding: 2014-11: Purchasing Procedures:</u></b> It has been determined that the Village donated money to a nonprofit organization. This is a violation of the Louisiana Constitution.</p>	<p><b><u>Response:</u></b> The Village Management is looking into this matter and will implement policies and procedures to prevent this in the future.</p>
<p><b><u>Finding: 2014-12: Sales Tax Paid:</u></b> During our procedures we became aware that the Village paid sales tax on some invoices. The Village is exempt from sales tax.</p>	<p><b><u>Response:</u></b> This situation has been discussed with Village personnel. All have agreed to be more vigilant in correcting this situation.</p>
<p><b><u>Finding 2014-13: Improper Check Signatures:</u></b> During our procedures we noted a check that cleared the bank that had no signatures. Village policy requires to signatures.</p>	<p><b><u>Response:</u></b> This occurred one time. Bank personnel contacted Village signatories to verify validity. After review of supporting documentation, the bank was given permission to process.</p>
<p><b><u>Finding 2014-14: Improper Controls over Checks:</u></b> During our procedures we became aware of blank checks that were signed and given to the Clerk for use during absences of second party signors.</p>	<p><b><u>Response:</u></b> This was self-reported to audit personnel. The Clerk made copies of a few checks thus signed and needed to pay Village bills. All checks were accounted for and properly used. This only occurred one time when Mayor and Mayor Pro-Temp were out of town at the same time.</p>
<p><b><u>Finding 2014-15: Improper controls over deposits:</u></b> During our audit we became aware of a deposit that was short and that the employee later deposited her personal money for the difference. Controls should be in place to verify amounts collected and deposited in a timely manner so that any errors can be properly identified and corrected.</p>	<p><b><u>Response:</u></b> Controls have been established to verify amounts collected and deposited in a timely fashion. Reconciliations have been implemented to verify.</p>
<p><b><u>Finding: 2014-16: Employee Sick and Vacation Records:</u></b> It has been determined that the Village has not been properly tracking employee sick and vacation time. We noted during our procedures that an employee was paid for vacation time that was not yet earned. It was also noted that records related to sick and vacation time were not being maintained adequately for all employees.</p>	<p><b><u>Response:</u></b> The records related to sick and vacation time earned have been completely updated and are being accurately maintained at this time.</p>
<p><b><u>Finding: 2014-17: Financial records not being maintained timely and consistently:</u></b> During our audit we became aware that the deposits</p>	<p><b><u>Response:</u></b> Procedures have been implemented whereby</p>

# **VILLAGE OF FOREST HILL**

## ***Management's Corrective Action Plan***

***June 30, 2014***

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were not being recorded in the general ledger system in a timely manner to ensure financial data availability and accuracy in a timely manner. Financial information should be maintained on a consistent, timely basis to ensure proper financial information is available and as a control measure to ensure the daily procedures are being properly followed.

**Finding 2014-18: Utility Cut Off Procedure:**

Utility Arrears greater than 20 days are increasing. During our procedures we also noted some employees are slow to pay. The Village should strictly enforce cutoff procedures for all utility customers.

**Finding 2014-19: Utility Billing Adjustments:**

Utility adjustments are being made for customers who have a receipt and the payment is not posted to the account as well as billing errors. During our audit period no procedures were in place to account for the adjustments being made. We recommend Adjustment policies be implemented to include a procedure for adjustments to be approved before they are made. Also adjustments should be reviewed at least monthly and support for adjustments should be maintained

**Finding 2014-20: Failure to maintain supporting documentation:**

Supporting documents were not available for some disbursements made during the audit period. The Village should properly maintain supporting documents for all disbursements.

**Finding 2014-21: Transfers from Fire Fund:**

During the year funds were reported as being transferred from the Fire Fund that were the result of payments for Pavilion related expenditures and other General Fund Expenditures. These payments may not meet the requirements established by the Council for allowable uses of Fire Department Fund monies.

deposits are made daily and entered into the General Ledger system immediately. Auditors have been provided with regular reconciliations with dates to verify timeliness of entry.

**Response:**

During the fiscal year the billing and cutoff procedures were improved. We slightly lengthened the time allotted for customers to pay. All customers (including employees) are required to pay on time or be subjected to standard penalties.

**Response:**

When this was revealed a new policy was instituted whereby no adjustments can be made to utility bills without the approving signature of the Public Works Director and the Mayor.

**Response:**

It has been reiterated to all personnel that no invoices will be paid by the Village unless, and until all supporting documentation is attached to the requests for payment.

**Response:**

The Village will review its accounting processes and procedures to determine the extenuating circumstances surrounding this activity. Upon determination of the facts a correction (if necessary) will be made.

# **VILLAGE OF FOREST HILL**

## ***Management's Corrective Action Plan***

***June 30, 2014***

<p><b><u>Finding 2014-22: Salary Increase Approval Process:</u></b>  Salary increases implemented during the audit period for the Police Chief and the Clerk were not adopted by Ordinance based on information available during audit procedures for the current year pay rates.</p>	<p><b><u>Response:</u></b>  At the time the budget was presented in May 2014 (Ordinance 190-14) and approved by Council at the June meeting, a detailed Salary Sheet was included which reflects increases for these individuals.</p>
<p><b>SECTION II  INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b></p>	
<p><b><u>FINDINGS</u></b></p>	<p><b><u>RESPONSE</u></b></p>
<p><b><u>No Findings of this nature.</u></b></p>	<p><b><u>No response necessary</u></b></p>
<p><b>SECTION III  MANAGEMENT LETTER</b></p>	
<p><b><u>FINDINGS</u></b></p>	<p><b><u>RESPONSE</u></b></p>
<p><b><u>No Management Letter Issued</u></b></p>	<p><b><u>No response necessary</u></b></p>

# **VILLAGE OF FOREST HILL**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2014***

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>Finding 2013-1: Proper Recording of Salaries:</u></b></p> <p>The Village did not properly record salaries in the Funds during the audit period.</p>	<p><b><u>Resolved:</u></b></p> <p>The Village properly allocated salaries to the funds in the current year after implementing procedures based on prior audit findings.</p>
<p><b><u>Finding 2013-2: Budget Variances:</u></b></p> <p>The Town is required to present budget comparison for the General Fund and the Fire Fund. Unfavorable budget variances reported by the Fire Fund and the General Fund exceeded limits permitted by State Law. In order to avoid future non-compliance issues, we suggest carefully monitoring income and expenses. In addition, when the monitoring indicates that unfavorable variances are expected occur, the budgets should be amended accordingly.</p>	<p><b><u>Unresolved:</u></b></p> <p>The lack of timely recording of information in the financial reporting system did not produce sufficient information for the Town to anticipate unfavorable budget variances and initiate corrective action. By implementing procedures for timely recording of financial information in our system to include properly recording payables and by initiating prompt budget amendments, future unfavorable variances can be avoided.</p>
<p><b><u>Finding 2013-3: Traffic Citation Administration:</u></b></p> <p>Audit procedures have revealed some weaknesses related to the administration of traffic citations. For some of the citations reported in the computer system, the staff could not locate the original document. In some cases, information concerning payments received was not timely and properly recorded in the computer system. Also, in some cases, the necessary procedures were not followed including issuing a bench warrant and requesting suspension of the defendants driving privileges. These critical procedures have not been completed in a timely manner.</p>	<p><b><u>Unresolved:</u></b></p> <p>The Village will review its accounting processes and procedures with the appropriate personnel to ensure that all traffic tickets and any related records are kept in an orderly manner, receipts are posted timely and that required procedures to ensure collections are implemented in a timely manner.</p>
<p><b><u>Finding 2013-4 – Billing of Utilities:</u></b></p> <p>It has been determined that the Village did not accurately bill natural gas during the audit period</p>	<p><b><u>Unresolved:</u></b></p> <p>Due to the complexity of our billing system errors resulted with the billing. We have consulted with</p>

# **VILLAGE OF FOREST HILL**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2014***

<p>due to incorrect input of the information into the utility billing system.</p> <p><b><u>Finding 2013-5 – Failure to withhold payroll taxes:</u></b> During our procedures we became aware that employees who worked for the Nursery Festival event were not paid through the payroll system and as a result payroll taxes were not withheld.</p> <p><b><u>Finding 2013-6: Purchasing Procedures:</u></b> It has also been determined that the Village purchased Flowers for ill and/or deceased citizens. This is a violation of the Louisiana Constitution.</p> <p><b><u>Finding 2013-7: Deposits not made timely:</u></b> During the audit period the Village was not making deposits timely.</p>	<p>the software vendor for appropriate procedures and will implement a system to verify billing rate accuracy before any bills are issued in the future.</p> <p><b><u>Unresolved:</u></b> We have instructed the appropriate personnel that all paychecks to employees regardless of the function they are performing must be paid using the payroll software and that the applicable payroll taxes must be withheld on all payments.</p> <p><b><u>Unresolved:</u></b> We have reviewed compliance standards and will implement procedures to prevent this occurrence in the future.</p> <p><b><u>Resolved:</u></b> The Village bank deposits are made in a timely manner.</p>
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<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<u>FINDINGS</u>  <b><u>No Findings of this nature.</u></b>	<u>RESPONSE</u>  <b><u>No response necessary</u></b>
<b>SECTION III MANAGEMENT LETTER</b>	
<u>FINDINGS</u>	<u>RESPONSE</u>

# ***Village of Forest Hill***

## **Appendix A- FRAUD AND MISAPPROPRIATION REPORTING**

**June 30, 2014**

**Finding 2014-1: Personal Charges by Management:**

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	During our audit procedures we became aware of three separate instances of personal charges made by the Clerk on the Village Credit Card.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash Disbursements used to pay the Credit Card bills were the subject of the fraud/misappropriation.
3	The amount of funds or approximate value of assets involved.	Total amounts identified as personal charges were \$90.85
4	The department or office in which the fraud or misappropriation occurred.	Forest Hill only has one main office. This occurred in the Village Hall office.
5	The period of time over which the fraud or misappropriation occurred.	October 2013 – February 2014
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Village Clerk
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	At this time no formal charges have been brought against the Village Clerk.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	As of the date of this audit report the individual was still employed. This Appendix is being filled out subsequent to the report date per Legislative Auditor Request. The Clerk was replaced in mid to late January 2015.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	See the response to 8 above.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Upon agency request and in fulfillment of our requirements; Rozier, Harrington & Mckay notified and submitted the information to the Rapides Parish District Attorney.
11	What is the status of the investigation	As of the date of our report no formal charges had

# ***Village of Forest Hill***

## **Appendix A- FRAUD AND MISAPPROPRIATION REPORTING**

**June 30, 2014**

	at the date of the auditor's/accountant's report?	been filed against the Clerk.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	The information was discussed verbally with the District Attorney and subsequently the information was mailed to both the District Attorney and the Legislative Auditor's office. To our knowledge no specific charges were filed against the Clerk by the Village of Forest Hill other than the presenting of the information to the District Attorney.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	See the response to 12 above.
14	Has restitution been made or has an insurance claim been filed?	Restitution was made for the identified items/amount.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes, see response to 12 above.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No. The controls did not detect this. It was identified/discovered during audit procedures.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Lack of segregation of duties and supervision.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	To our knowledge, the management in place at the time of the report did not implement any changes. At the time of this report and the presentation of these matters to the Mayor and Council the Village Mayor and council were in a transitional phase as all were voted out of office in the November election with their terms ending December 31, 2014. An entirely new council and Mayor took office effective January 1, 2015. The new Mayor and Council are in the process of implementing additional controls and procedures to prevent future occurrence.

# ***Village of Forest Hill***

## **Appendix A- FRAUD AND MISAPPROPRIATION REPORTING**

**June 30, 2014**

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### **Finding 2014-2: Unallowable payments to Management:**

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	During our audit procedures we became aware of a payment to the Clerk that was an additional payment, in excess of her authorized wages.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash Disbursements and expenses were the subject of the fraud/misappropriation.
3	The amount of funds or approximate value of assets involved.	Total amount identified was \$424.20
4	The department or office in which the fraud or misappropriation occurred.	Forest Hill only has one main office. This occurred in the Village Hall office.
5	The period of time over which the fraud or misappropriation occurred.	March 27, 2014
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Village Clerk
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	At this time no formal charges have been brought against the Village Clerk.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	As of the date of this audit report the individual was still employed. This Appendix is being filled out subsequent to the report date per Legislative Auditor Request. The Village Clerk was replaced in mid to late January 2015 by the new administration that took office January 1, 2015.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	See the response to 8 above.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Upon agency request and in fulfillment of our requirements; Rozier, Harrington & McKay notified and submitted the information to the Rapides Parish District Attorney.

# ***Village of Forest Hill***

## **Appendix A- FRAUD AND MISAPPROPRIATION REPORTING**

**June 30, 2014**

11	What is the status of the investigation at the date of the auditor's/accountant's report?	As of the date of our report no formal charges had been filed against the Clerk. To our knowledge no formal charges have been filed as of March 2015.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	The information was discussed verbally with the District Attorney and subsequently the information was mailed to both the District Attorney and the Legislative Auditor's office. To our knowledge no specific charges were filed against the Clerk by the Village of Forest Hill other than the presenting of the information to the District Attorney.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	See the response to 11 and 12 above.
14	Has restitution been made or has an insurance claim been filed?	Restitution was made for the identified item/amount.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes, see response to 12 above.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No. The controls did not detect this. It was identified/discovered during audit procedures.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Lack of segregation of duties and management oversight.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	To our knowledge, the management in place at the time of the report did not implement any changes. At the time of this report and the presentation of these matters to the Mayor and Council the Village Mayor and council were in a transitional phase as all were voted out of office in the November election with their terms ending December 31, 2014. An entirely new council and Mayor took office effective January 1, 2015. The new Mayor and Council are in the process of implementing additional controls and procedures to prevent future occurrence.

# ***Village of Forest Hill***

## **Appendix A- FRAUD AND MISAPPROPRIATION REPORTING**

**June 30, 2014**

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### **Finding 2014-3: Intentional and Fraudulent Change to Financial Records:**

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	During our audit procedures we became aware of; and the Clerk admitted to; purposely changing the payee to another employee in the General Ledger System for the unallowed payment reported in Finding 2014-2 to the Clerk.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash Disbursements and expenses were the subject of the fraud/misappropriation.
3	The amount of funds or approximate value of assets involved.	Total amount identified was \$424.20
4	The department or office in which the fraud or misappropriation occurred.	Forest Hill only has one main office. This occurred in the Village Hall office.
5	The period of time over which the fraud or misappropriation occurred.	March 27, 2014
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Village Clerk
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	At this time no formal charges have been brought against the Village Clerk.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	As of the date of this audit report the individual was still employed. This Appendix is being filled out subsequent to the report date per Legislative Auditor Request. The Village Clerk was replaced in mid to late January 2015 by the new administration that took office January 1, 2015.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	See the response to 8 above.
10	Has the agency notified the appropriate law enforcement body	Upon agency request and in fulfillment of our requirements; Rozier, Harrington & Mckay notified

# **Village of Forest Hill**

## **Appendix A- FRAUD AND MISAPPROPRIATION REPORTING**

**June 30, 2014**

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	about the fraud or misappropriation?	and submitted the information to the Rapides Parish District Attorney.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	As of the date of our report no formal charges had been filed against the Clerk. To our knowledge no formal charges have been filed as of March 2015.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	The information was discussed verbally with the District Attorney and subsequently the information was mailed to both the District Attorney and the Legislative Auditor's office. To our knowledge no specific charges were filed against the Clerk by the Village of Forest Hill other than the presenting of the information to the District Attorney.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	See the response to 11 and 12 above.
14	Has restitution been made or has an insurance claim been filed?	Restitution was made for the identified item/amount.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes, see response to 12 above.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No. The controls did not detect this. It was identified/discovered during audit procedures.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Lack of segregation of duties and management oversight.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	To our knowledge, the management in place at the time of the report did not implement any changes. At the time of this report and the presentation of these matters to the Mayor and Council the Village Mayor and council were in a transitional phase as all were voted out of office in the November election with their terms ending December 31, 2014. An entirely new council and Mayor took office effective January 1, 2015. The new Mayor and Council are in the process of implementing additional controls and procedures to prevent future occurrence.