

**VILLAGE OF FOREST HILL, LOUISIANA**

Financial Report

Year Ended June 30, 2018

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances- governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in fund net position - proprietary fund	15-16
Statement of cash flows - proprietary fund	17-18
Notes to basic financial statements	19-34
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	36
Notes to required supplementary information	37

(continued)

## TABLE OF CONTENTS

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Statement of net position - compared to prior year totals	39
General Fund - comparative balance sheet	40
Major Governmental Funds - budgetary comparison schedules with comparative actual amounts for the prior year	
General Fund - budgetary comparison schedule - revenues	41
General Fund - budgetary comparison schedule - expenditures	42-43
Schedule of number of utility customers (unaudited)	44
Comparative statement of net position - enterprise fund	45
Comparative statement of revenues, expenses, and changes in fund net position - enterprise fund	46-47
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49-50
Summary schedule of current and prior year audit findings and management's corrective action plan	51-52

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana, (the Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana, as of June 30, 2018 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forest Hill, Louisiana's basic financial statements. The other supplementary information on pages 39 through 47 is presented for purposes of additional analysis and is not a required part of the financial statements.

The comparative statements on pages 45 through 47 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules on pages 41 through 43 and the schedule of number of utility customers on page 44 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

In accordance with *Government Auditing Standards*, we have issued our report dated October 4, 2018, on our consideration of the Village of Forest Hill, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

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

Alexandria, Louisiana  
October 4, 2018

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**



VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 152,254	\$ 164,953	\$ 317,207
Receivables	12,093	75,809	87,902
Due from other funds	79,137	(79,137)	-
Prepaid items	-	7,753	7,753
Total current assets	<u>243,484</u>	<u>169,378</u>	<u>412,862</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	81,354	81,354
Capital assets:			
Land	77,436	51,131	128,567
Capital assets, net	<u>1,814,016</u>	<u>2,374,272</u>	<u>4,188,288</u>
Total noncurrent assets	<u>1,891,452</u>	<u>2,506,757</u>	<u>4,398,209</u>
Total assets	<u>\$ 2,134,936</u>	<u>\$ 2,676,135</u>	<u>\$ 4,811,071</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	\$ 3,552	\$ 18,629	\$ 22,181
Accrued liabilities	451	1,062	1,513
Bonds/notes payable - current	6,977	-	6,977
Customer deposits payable from restricted assets	-	81,354	81,354
Total current liabilities	<u>10,980</u>	<u>101,045</u>	<u>112,025</u>
Noncurrent liabilities:			
Compensated absences	2,199	6,957	9,156
Bonds/notes payable - noncurrent	<u>179,067</u>	<u>-</u>	<u>179,067</u>
Total noncurrent liabilities	<u>181,266</u>	<u>6,957</u>	<u>188,223</u>
Total liabilities	<u>192,246</u>	<u>108,002</u>	<u>300,248</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,705,408	2,425,403	4,130,811
Unrestricted	<u>237,282</u>	<u>142,730</u>	<u>380,012</u>
Total net position	<u>\$ 1,942,690</u>	<u>\$ 2,568,133</u>	<u>\$ 4,510,823</u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 246,493	\$ -	\$ -	\$ -	\$ (246,493)	\$ -	\$ (246,493)
Public safety:							
Police	268,323	536,419	-	-	268,096	-	268,096
Fire	7,085	-	-	-	(7,085)	-	(7,085)
Public works:							
Streets	77,382	-	7,800	2,815	(66,767)	-	(66,767)
Interest on long term debts	8,793	-	-	-	(8,793)	-	(8,793)
Total governmental activities	<u>608,076</u>	<u>536,419</u>	<u>7,800</u>	<u>2,815</u>	<u>(61,042)</u>	<u>-</u>	<u>(61,042)</u>
Business-type activities:							
Gas	235,298	239,159	-	-	-	3,861	3,861
Water	339,062	323,885	-	-	-	(15,177)	(15,177)
Sewer	154,236	49,277	-	-	-	(104,959)	(104,959)
Garbage	50,238	48,984	-	-	-	(1,254)	(1,254)
Interest on long term debts	438	-	-	-	-	(438)	(438)
Total business-type activities	<u>779,272</u>	<u>661,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,967)</u>	<u>(117,967)</u>
Total	<u>\$ 1,387,348</u>	<u>\$ 1,197,724</u>	<u>\$ 7,800</u>	<u>\$ 2,815</u>	<u>(61,042)</u>	<u>(117,967)</u>	<u>(179,009)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					13,965	-	13,965
Sales and use taxes, levied for general purposes					56,585	-	56,585
Franchise taxes					32,617	-	32,617
License and permits					22,659	-	22,659
Interest and investment earnings					52	17	69
Miscellaneous					19,820	7,919	27,739
Loss on sale/disposal of assets					(4,628)	-	(4,628)
Transfers					(2,400)	2,400	-
Total general revenues and transfers					<u>138,670</u>	<u>10,336</u>	<u>149,006</u>
Change in net position					77,628	(107,631)	(30,003)
Net position - beginning					<u>1,865,062</u>	<u>2,675,764</u>	<u>4,540,826</u>
Net position - ending					<u>\$ 1,942,690</u>	<u>\$ 2,568,133</u>	<u>\$ 4,510,823</u>

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

## **FUND FINANCIAL STATEMENTS**

## **FUND DESCRIPTIONS**

### **General Fund**

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

### **Enterprise Fund**

#### **Utility Fund -**

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

VILLAGE OF FOREST HILL, LOUISIANA

Balance Sheet - Governmental Fund  
June 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 152,254
Receivables	12,093
Due from other funds	<u>79,137</u>
Total assets	<u>\$ 243,484</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 3,552
Accrued liabilities	<u>451</u>
Total liabilities	<u>4,003</u>
Fund balances -	
Unassigned	<u>239,481</u>
Total fund balances	<u>239,481</u>
Total liabilities and fund balances	<u>\$ 243,484</u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2018

Total fund balances for governmental fund at June 30, 2018 \$ 239,481

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 77,436	
Buildings and improvements, net of \$471,859 accumulated depreciation	850,454	
Furniture and fixtures, net of \$190,657 accumulated depreciation	97,625	
Equipment and vehicles, net of \$179,533 accumulated depreciation	<u>865,937</u>	1,891,452

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

Compensated absences	(2,199)	
Notes payable	<u>(186,044)</u>	<u>(188,243)</u>

Total net position of governmental activities at June 30, 2018 \$ 1,942,690

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended June 30, 2018

	<u>General Fund</u>
Revenues:	
Taxes	\$ 103,167
Licenses and permits	22,659
Intergovernmental	20,865
Fines and forfeits	536,419
Miscellaneous	<u>26,622</u>
Total revenues	<u>709,732</u>
Expenditures:	
Current -	
General government	236,071
Public safety:	
Police	244,521
Fire	7,085
Public works:	
Streets and facilities	3,738
Capital outlay	42,565
Debt service:	
Principal	41,755
Interest	<u>8,793</u>
Total expenditures	<u>584,528</u>
Excess of revenues over expenditures	<u>125,204</u>
Other financing sources (uses):	
Transfers out	<u>(2,400)</u>
Net changes in fund balances	122,804
Fund balances, beginning	<u>116,677</u>
Fund balances, ending	<u><u>\$ 239,481</u></u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2018

Total net changes in fund balances at June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 122,804
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The change in net position reported for governmental activities in the  
statement of activities is different because:

The issuance of debt provides current financial resources to  
governmental funds, but issuing long term debt increases long-term  
liabilities in the Statement of Net Position. Repayment of debt principal  
is an expenditure in the governmental funds, but the net repayment  
reduces long-term liabilities in the Statement of Net Position. The following  
is the net effect of long term debt transactions at June 30, 2018.

Repayment of debt principal	41,755
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Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 42,565	
Depreciation expense for the year ended June 30, 2018	<u>(107,477)</u>	(64,912)

Net effect of transaction related to the sale/disposition of fixed assets.	(21,628)
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Excess of compensated absences earned over compensated absences used.	<u>(391)</u>
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Total changes in net position at June 30, 2018 per Statement of Activities	<u>\$ 77,628</u>
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The accompanying notes are an integral part of the basic financial statements.



VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
Proprietary Fund  
June 30, 2018

	Utility Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 164,953
Receivables:	
Accounts receivable	51,827
Unbilled utility receivables	23,982
Prepaid gas	<u>7,753</u>
Total current assets	<u>248,515</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	81,354
Capital assets:	
Land	51,131
Other capital assets, net of accumulated depreciation	<u>2,374,272</u>
Total noncurrent assets	<u>2,506,757</u>
Total assets	<u><u>\$2,755,272</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 18,629
Accrued liabilities	1,062
Due to other funds	79,137
Customer deposits payable from restricted assets	<u>81,354</u>
Total current liabilities	<u>180,182</u>
Noncurrent liabilities:	
Compensated absences	<u>6,957</u>
Total noncurrent liabilities	<u>6,957</u>
Total liabilities	<u>187,139</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,425,403
Unrestricted	<u>142,730</u>
Total net position	<u><u>\$2,568,133</u></u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
Proprietary Fund  
For the Year Ended June 30, 2018

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 239,159
Water charges	323,885
Sewer charges	49,277
Garbage	48,984
Miscellaneous	<u>7,919</u>
Total operating revenues	<u>669,224</u>
Operating expenses:	
Salaries	174,519
Payroll taxes	13,471
Retirement expense	2,400
Maintenance and repairs	60,564
Professional fees	39,130
Utilities and telephone	45,041
General insurance	45,068
Group health insurance	20,240
Office expense	13,391
Supplies and parts	24,020
Purchases	72,517
Garbage collection fees	42,762
Auto and truck expense	9,101
Depreciation expense	190,956
Dues and fees	12,813
Contract services	800
Meals, lodging and travel	8,348
Miscellaneous	<u>3,693</u>
Total operating expenses	<u>778,834</u>
Operating loss	<u>(109,610)</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -  
 Proprietary Fund  
 For the Year Ended June 30, 2018

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	17
Interest expense	<u>(438)</u>
Total nonoperating revenues (expenses)	<u>(421)</u>
 Loss before contributions and transfers	 (110,031)
 Transfers in	 <u>2,400</u>
 Change in net position	 (107,631)
 Net position, beginning	 <u>2,675,764</u>
 Net position, ending	 <u><u>\$ 2,568,133</u></u>

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

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2018

	<u>Utility Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 669,211
Payments to suppliers	(362,252)
Payments to employees	<u>(210,696)</u>
Net cash provided by operating activities	<u>96,263</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	24,373
Transfers from other funds	<u>2,400</u>
Net cash provided by noncapital financing activities	<u>26,773</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(16,299)
Interest paid on notes payable	(438)
Change in customer deposits payable	(1,425)
Acquisition of property, plant and equipment	<u>(45,482)</u>
Net cash used by capital and related financing activities	<u>(63,644)</u>
Cash flows from investing activities:	
Interest on investments	<u>17</u>
Net increase in cash and cash equivalents	59,409
Cash and cash equivalents, beginning of period	<u>123,867</u>
Cash and cash equivalents, end of period	<u>\$ 183,276</u>

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Cash Flows  
Proprietary Fund - (Continued)  
For the Year Ended June 30, 2018

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$(109,610)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	190,956
Changes in current assets and liabilities:	
Decrease in accounts receivable	5,032
Increase in unbilled utility receivable	(5,019)
Decrease in prepaid gas	5,815
Increase in accounts payable	8,883
Decrease in accrued liabilities	(66)
Total adjustments	<u>205,873</u>
Net cash provided by operating activities	<u>\$ 96,263</u>
Cash and interest-bearing deposits, beginning of period-	
Cash- unrestricted	\$ 104,119
Cash- restricted	82,779
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>123,867</u>
Cash and interest-bearing deposits, end of period-	
Cash- unrestricted	164,953
Cash- restricted	81,354
Less: interest-bearing deposits with a maturity over three months	<u>(63,031)</u>
Total cash and interest-bearing deposits	<u>183,276</u>
Net increase	<u>\$ 59,409</u>

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

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Forest Hill (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The Village of Forest Hill was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government. Services provided by the Village include police protection, street maintenance, drainage, recreation, sanitation and utility systems including natural gas, sewer and water distribution systems.

This report includes all funds that are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

##### B. Basis of Presentation

###### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

###### Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

#### Governmental Funds -

##### General Fund

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

#### Proprietary Fund -

##### Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village of Forest Hill's enterprise fund is the Utility Fund.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

#### Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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

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

#### Basis of Accounting

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

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



## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

At June 30, 2018, all of the Village's investments are in the Louisiana Asset Management Pool (LAMP), which are stated at fair value.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

##### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and intergovernmental revenue. Business-type activities report customer's utility service receivables as their major receivables. No allowance for uncollectible receivables is recorded in the General Fund or the Utility Fund at June 30, 2018. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$23,982 at June 30, 2018.

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing capital assets.

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Plant and equipment	5-50 years
Buildings and improvements	10-20 years
Vehicles	5 years
Infrastructure	5-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The restricted assets for the proprietary fund are related to meter deposits.

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation is normally taken in the year accrued, but a maximum of 80 hours can be carried over. All full-time employees are allowed 96 hours of annual sick leave. All unused sick leave may be carried over, to a maximum amount of 760 hours of which none is paid out upon termination. At June 30, 2018, the Village had a liability of compensated absences reported from governmental employees of \$2,199 and a liability from business type employees of \$6,957.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2018.

#### Equity Classifications

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

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

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Village.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village has provided otherwise in their commitment or assignment actions.

Proprietary (Utility) fund equity is classified the same as in the government-wide statements.

#### E. Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

#### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources

#### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

#### G. Capitalization of Interest Expense

It is the policy of the Village of Forest Hill to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2018, there was no borrowing for assets under construction and no capitalized interest expense was recorded on the books.

#### H. Use of Estimates

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

#### (2) Ad Valorem Taxes

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

For the year ended December 31, 2017 taxes of 4.93 mills were levied on property with assessed valuations totaling \$2,825,988 and were dedicated for general corporate purposes.

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

#### (3) Sales and Use Tax

Sales taxes are collected by the Parish of Rapides and remitted to the Village on a monthly basis. For the year ended June 30, 2018 the Village has levied sales taxes described as follows:

- a) Under the terms of a sales tax proposition approved by the voters of Rapides Parish, the Village is entitled to receive a portion of a 1% sales tax collected on a parish-wide basis. The tax is available for the General Fund's use for any lawful general purpose.

#### (4) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Village had cash and interest-bearing deposits (book balances) totaling \$398,561 as follows:

Demand deposits	\$ 335,466
Time deposits	63,095
Total	<u>\$ 398,561</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance (FDIC) or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Village or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2018, are secured as follows:

Bank balances	<u>\$ 410,929</u>
Federal deposit insurance	\$ 250,000
Uninsured and collateral held by the pledging bank not in the Village's name	<u>160,929</u>
Total	<u>\$ 410,929</u>

The Village does not have a policy for custodial credit risk.

#### (5) Investments

Investments in the amount of \$1,365 at June 30, 2018 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized in the three risk categories provided by GASB

## VILLAGE OF FOREST HILL, LOUISIANA

### Notes to Basic Financial Statements

Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

Credit risk is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the estimated fair value of an investment. Investments in LAMP are not exposed to credit risk and interest rate risk. LAMP has a fund rating of AAAM issued by Standard & Poors. This rating is given to a fund that has an extremely long capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair market value based on quoted market rates. The fair market value of investments is determined on a weekly basis and the value of position in the external investment pool is the same as the value of pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

#### (6) Receivables

Receivables at June 30, 2018 of \$87,902 consist of the following:

	General	Utility	Total
Accounts	\$ -	\$ 51,827	\$ 51,827
Unbilled accounts	-	23,982	23,982
Taxes:			
Sales tax	4,821	-	4,821
Franchise tax	7,063	-	7,063
Insurance premium	150	-	150
Occupational license	59	-	59
Totals	<u>\$ 12,093</u>	<u>\$ 75,809</u>	<u>\$ 87,902</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

(7) Restricted Assets

Restricted assets consisted of the following at June 30, 2018:

Business-Type Activities	
Utility Fund-	
Meter Deposits	<u>\$ 81,354</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 77,436	\$ -	\$ -	\$ 77,436
Other capital assets:				
Buildings and improvements	1,344,931	-	22,618	1,322,313
Vehicles, equipment, furn & fixtures	308,231	2,815	22,764	288,282
Equipment and vehicles	<u>1,005,720</u>	<u>39,750</u>	<u>-</u>	<u>1,045,470</u>
Totals	<u>2,736,318</u>	<u>42,565</u>	<u>45,382</u>	<u>2,733,501</u>
Less accumulated depreciation				
Buildings and improvements	425,488	47,361	990	471,859
Vehicles, equipment, furn & fixtures	179,137	34,284	22,764	190,657
Equipment and vehicles	<u>153,701</u>	<u>25,832</u>	<u>-</u>	<u>179,533</u>
Total accumulated depreciation	<u>758,326</u>	<u>107,477</u>	<u>23,754</u>	<u>842,049</u>
Governmental activities, capital assets, net	<u>\$ 1,977,992</u>	<u>\$ (64,912)</u>	<u>\$ 21,628</u>	<u>\$ 1,891,452</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,925
Police protections	23,908
Streets and public facilities	<u>73,644</u>
Total depreciation expense	<u>\$ 107,477</u>



VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 51,131	\$ -	\$ -	\$ 51,131
Other capital assets:				
Water system	3,169,802	7,106	12,449	3,164,459
Natural gas system	926,906	3,747	12,449	918,204
Sewer system	1,607,490	34,630	-	1,642,120
Totals	<u>5,755,329</u>	<u>45,483</u>	<u>24,898</u>	<u>5,775,914</u>
Less accumulated depreciation				
Water system	1,985,616	111,720	12,449	2,084,887
Natural gas system	576,094	27,440	12,449	591,085
Sewer system	622,743	51,796	-	674,539
Total accumulated depreciation	<u>3,184,453</u>	<u>190,956</u>	<u>24,898</u>	<u>3,350,511</u>
Business-type activities, capital assets, net	<u>\$ 2,570,876</u>	<u>\$ (145,473)</u>	<u>\$ -</u>	<u>\$ 2,425,403</u>

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

Water	\$ 111,720
Gas	27,440
Sewer	51,796
Total depreciation expense	<u>\$ 190,956</u>

(9) Accounts and Other Payables

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 3,552	\$ 18,629	\$ 22,181
Accrued expenses	451	1,062	1,513
Compensated absences	2,199	6,957	9,156
Customer deposits	-	81,354	81,354
Totals	<u>\$ 6,202</u>	<u>\$ 108,002</u>	<u>\$ 114,204</u>

# VILLAGE OF FOREST HILL, LOUISIANA

## Notes to Basic Financial Statements

### (10) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2018:

	Governmental Activities		Business-Type Activities
	Notes Payable	General Obligation	Notes Payable
Long-term debt as of July 1, 2017	\$ 34,504	\$ 193,295	\$ 16,299
Additions	-	-	-
Retirements	<u>(34,504)</u>	<u>(7,251)</u>	<u>(16,299)</u>
Long-term debt as of June 30, 2018	<u>\$ -</u>	<u>\$ 186,044</u>	<u>\$ -</u>

Governmental Activities:

General obligation bonds-

\$250,000 Public Improvement Bonds, dated June 22, 2006, due in monthly installments of \$1,250 including interest at 4.375% from July 22, 2006 through June 22, 2036; payable from general fund revenues.

\$ 186,044

The debt as of June 30, 2018 is due as follows:

Year ending June 30,	Principal payments	Interest payments	Total payments
2019	6,977	8,023	15,000
2020	7,290	7,710	15,000
2021	7,616	7,384	15,000
2022	7,957	7,043	15,000
2023	8,313	6,687	15,000
2024-2028	47,491	27,509	75,000
2029-2033	59,116	15,884	75,000
2034-2036	<u>41,284</u>	<u>2,793</u>	<u>44,077</u>
Total	<u>\$ 186,044</u>	<u>\$ 83,033</u>	<u>\$ 269,077</u>

# VILLAGE OF FOREST HILL, LOUISIANA

## Notes to Basic Financial Statements

### (11) Employee Retirement

The Village has elected the U.S Conference of Mayors Deferred Compensation Program as a pension plan for its eligible employees and elected officials. The Village will make a matching contribution into the Deferred Compensation Plan of 50% of the participant's contribution to a maximum of 7.5% of their annual salary. Eligible employees must be employed with the Village one year before being eligible to withdraw any matching funds. The Village is current on matching employee contributions at June 30, 2018. Contributions to the plan during the year ending June 30, 2018 are immaterial to the financial statements as a whole.

### (12) Segment Information for the Enterprise Fund

The Village of Forest Hill maintains one enterprise fund with four departments which provide gas, water, sewerage and sanitation services. Segment information for the year ended June 30, 2018 was as follows:

	Gas Department	Water Department	Sewerage Department	Sanitation Department	Total Enterprise Fund
Operating revenues	\$ 239,580	\$ 331,383	\$ 49,277	\$ 48,984	\$ 669,224
Operating expenses:					
Depreciation	27,440	111,720	51,796	-	190,956
Other	207,858	227,342	102,440	50,238	587,878
Total operating expenses	235,298	339,062	154,236	50,238	778,834
Operating income (loss)	\$ 4,282	\$ (7,679)	\$ (104,959)	\$ (1,254)	\$ (109,610)

### (13) Compensation of Village Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2018 follows:

Aldermen:	
Jerriot Robinson	\$ 4,800
Anna Cloud	4,800
Stacy Danzy	4,800
Total	\$ 14,400

# VILLAGE OF FOREST HILL, LOUISIANA

## Notes to Basic Financial Statements

### (14) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Elizabeth Ann Jeter, Mayor, for the year ended June 30, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 13,600
Conference travel	279
Registration fees	200
	<u>\$ 14,079</u>

### (15) Pending Litigation

At June 30, 2018 the Village is involved in a lawsuit claiming damages. In the opinion of the Village's legal counsel, there will be no liability to the Village in excess of insurance coverage.

### (16) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

### (17) Interfund Transactions

A. Interfund receivables and payables consisted of the following at June 30, 2018:

	<u>Receivable</u>	<u>Payable</u>
Governmental Fund:		
General Fund	\$ 79,137	\$ -
Proprietary Fund:		
Utility Fund	<u>-</u>	<u>79,137</u>
Total	<u>\$ 79,137</u>	<u>\$ 79,137</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Basic Financial Statements

Transfers consisted of the following at June 30, 2018:

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

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(18) On-behalf Payments for Salaries

The Village of Forest Hill receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Village totaled \$10,250 for the fiscal year ending June 30, 2018. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(19) Subsequent Event Review

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

**REQUIRED SUPPLEMENTARY INFORMATION**

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 104,000	\$ 108,680	\$ 103,167	\$ (5,513)
Licenses and permits	32,000	26,000	22,659	(3,341)
Intergovernmental	28,800	16,789	20,865	4,076
Fines and forfeits	550,000	515,985	536,419	20,434
Miscellaneous	15,150	32,345	26,622	(5,723)
Total revenues	<u>729,950</u>	<u>699,799</u>	<u>709,732</u>	<u>9,933</u>
Expenditures:				
Current -				
General government	322,090	219,604	236,071	(16,467)
Public safety:				
Police	343,700	279,038	244,521	34,517
Fire	-	7,085	7,085	-
Public Works:				
Streets	1,000	30,257	3,738	26,519
Capital outlay	-	-	42,565	(42,565)
Debt Service:				
Principal	24,536	36,169	41,755	(5,586)
Interest	10,067	8,315	8,793	(478)
Total expenditures	<u>701,393</u>	<u>580,468</u>	<u>584,528</u>	<u>(4,060)</u>
Excess (deficiency) of revenues over expenditures	<u>28,557</u>	<u>119,331</u>	<u>125,204</u>	<u>5,873</u>
Other financing sources :				
Transfer out to the Utility Fund	<u>-</u>	<u>-</u>	<u>(2,400)</u>	<u>2,400</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(2,400)</u>	<u>2,400</u>
Net change in fund balance	28,557	119,331	122,804	8,273
Fund balance, beginning	<u>116,677</u>	<u>116,677</u>	<u>116,677</u>	<u>-</u>
Fund balance, ending	<u>\$ 145,234</u>	<u>\$ 236,008</u>	<u>\$ 239,481</u>	<u>\$ 8,273</u>

VILLAGE OF FOREST HILL, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

- a) Prior to June 15, the Town Clerk submits to the Mayor and Board of Alderman a proposed operating budget for the period commencing the following July 1.
- b) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Alderman. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$4,060 for the year ended June 30, 2018.



## OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF FOREST HILL, LOUISIANA

Statement of Net Position  
June 30, 2018  
With Comparative Totals for June 30, 2017

	2018			2017
	Governmental Activities	Business-Type Activities	Total	Total
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 152,254	\$ 164,953	\$ 317,207	\$ 152,570
Receivables, net	12,093	75,809	87,902	89,574
Internal balances	79,137	(79,137)	-	-
Prepaid items	-	7,753	7,753	13,568
Total current assets	<u>243,484</u>	<u>169,378</u>	<u>412,862</u>	<u>255,712</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	81,354	81,354	89,861
Capital assets:				
Land and construction in progress	77,436	51,131	128,567	128,567
Capital assets, net	<u>1,814,016</u>	<u>2,374,272</u>	<u>4,188,288</u>	<u>4,420,303</u>
Total noncurrent assets	<u>1,891,452</u>	<u>2,506,757</u>	<u>4,398,209</u>	<u>4,638,731</u>
Total assets	<u>2,134,936</u>	<u>2,676,135</u>	<u>4,811,071</u>	<u>4,894,443</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payables	3,552	18,629	22,181	16,255
Accrued liabilities	451	1,062	1,513	1,991
Bonds/notes payable- current	6,977	-	6,977	32,116
Customer deposits payable	-	81,354	81,354	82,779
Total current liabilities	<u>10,980</u>	<u>101,045</u>	<u>112,025</u>	<u>133,141</u>
Noncurrent liabilities:				
Compensated absences	2,199	6,957	9,156	8,494
Bonds/notes payable- noncurrent	<u>179,067</u>	<u>-</u>	<u>179,067</u>	<u>211,982</u>
Total noncurrent liabilities	<u>181,266</u>	<u>6,957</u>	<u>188,223</u>	<u>220,476</u>
Total liabilities	<u>192,246</u>	<u>108,002</u>	<u>300,248</u>	<u>353,617</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,705,408	2,425,403	4,130,811	4,304,773
Restricted:				
Fire protection	-	-	-	7,082
Unrestricted	<u>237,282</u>	<u>142,730</u>	<u>380,012</u>	<u>228,971</u>
Total net position	<u>\$ 1,942,690</u>	<u>\$ 2,568,133</u>	<u>\$ 4,510,823</u>	<u>\$ 4,540,826</u>

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Balance Sheet

General Fund

June 30, 2018 and 2017

	General	
	2018	2017
ASSETS		
Cash and interest-bearing deposits	\$ 152,254	\$ 48,451
Receivables	12,093	13,752
Due from other funds	79,137	54,764
Restricted cash	-	7,082
Total assets	<u>\$ 243,484</u>	<u>\$ 124,049</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 3,552	\$ 6,509
Accrued liabilities	451	863
Total liabilities	<u>4,003</u>	<u>7,372</u>
Fund balances -		
Restricted Fire Protection	-	7,082
Unassigned	239,481	109,595
Total fund balances	<u>239,481</u>	<u>116,677</u>
Total liabilities and fund balances	<u>\$ 243,484</u>	<u>\$ 124,049</u>

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2018  
With Actual Amounts For the Year Ended June 30, 2017

	2018				
	Budget			Variance with Final Budget Positive (Negative)	2017 Actual
	Original	Final	Actual		
Taxes:					
Ad valorem	\$ 14,000	\$ 18,417	\$ 13,965	\$ (4,452)	\$ 13,561
Sales tax	60,000	56,611	56,585	(26)	60,432
Franchise taxes	<u>30,000</u>	<u>33,652</u>	<u>32,617</u>	<u>(1,035)</u>	<u>32,752</u>
Total taxes	<u>104,000</u>	<u>108,680</u>	<u>103,167</u>	<u>(5,513)</u>	<u>106,745</u>
Licenses and permits	<u>32,000</u>	<u>26,000</u>	<u>22,659</u>	<u>(3,341)</u>	<u>35,092</u>
Intergovernmental:					
State of Louisiana -					
State grants	15,000	-	2,815	2,815	6,703
On behalf payments	6,000	12,889	10,250	(2,639)	6,000
Grass cutting	<u>7,800</u>	<u>3,900</u>	<u>7,800</u>	<u>3,900</u>	<u>11,700</u>
Total intergovernmental	<u>28,800</u>	<u>16,789</u>	<u>20,865</u>	<u>4,076</u>	<u>24,403</u>
Fines and forfeits	<u>550,000</u>	<u>515,985</u>	<u>536,419</u>	<u>20,434</u>	<u>581,069</u>
Miscellaneous:					
Interest income	150	69	52	(17)	138
Insurance proceeds	-	6,695	-	(6,695)	-
Sale of capital assets	-	24,000	17,000	(7,000)	-
Other sources	<u>15,000</u>	<u>1,581</u>	<u>9,570</u>	<u>7,989</u>	<u>28,538</u>
Total miscellaneous	<u>15,150</u>	<u>32,345</u>	<u>26,622</u>	<u>(5,723)</u>	<u>28,676</u>
Total revenues	<u>\$ 729,950</u>	<u>\$ 699,799</u>	<u>\$ 709,732</u>	<u>\$ 9,933</u>	<u>\$ 775,985</u>

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2018  
With Actual Amounts for the Year Ended June 30, 2017

	2018				
	Budget			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	2017 Actual
Current:					
General government -					
Salaries	\$ 60,000	\$ 85,781	\$ 88,278	\$ (2,497)	\$ 54,290
Payroll taxes	4,590	5,801	2,099	3,702	4,606
General insurance	46,000	17,635	21,745	(4,110)	51,947
Group health insurance	-	193	-	193	2,385
Engineering	20,000	217	-	217	-
Professional fees	90,000	43,812	51,190	(7,378)	69,561
Office expenditures	45,000	9,000	8,888	112	44,389
Dues and subscriptions	1,500	1,091	818	273	552
Training and education	2,000	1,873	2,806	(933)	2,615
Utilities	38,000	43,569	50,486	(6,917)	42,432
Taxes and licenses	800	-	-	-	639
Animal control expense	200	345	287	58	127
Town park expense	3,000	31	96	(65)	613
Maintenance and repairs	3,500	8,820	7,750	1,070	6,237
Miscellaneous	7,500	1,436	1,628	(192)	2,109
Total general government	322,090	219,604	236,071	(16,467)	282,502
Public safety -					
Police:					
Salaries	160,000	117,157	121,254	(4,097)	151,040
Payroll taxes	12,700	10,463	16,857	(6,394)	12,173
On behalf salaries	6,000	9,667	10,250	(583)	6,000
Group health insurance	14,000	12,929	12,768	161	15,113
Conventions and conferences	500	1,561	1,382	179	535
Gasoline expense	8,500	8,276	9,067	(791)	2,447
Magistrate expense	6,000	7,425	6,200	1,225	5,700
Police department expense	110,000	101,353	55,196	46,157	109,370
Repairs and maintenance	25,000	3,003	2,860	143	8,942
Telephone	500	6,797	6,716	81	1,844
Uniforms	500	407	1,971	(1,564)	370
Fire department	-	7,085	7,085	-	4,279
Total public safety	343,700	286,123	251,606	34,517	317,813

(continued)

VILLAGE OF FOREST HILL, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2018  
With Actual Amounts for the Year Ended June 30, 2017

	2018			
	Budget		Variance with Final Budget Positive (Negative)	2017 Actual
	Original	Final	Actual	
Public works-				
Streets and facilities	1,000	30,257	3,738	3,350
Total public works	1,000	30,257	3,738	3,350
 Total capital outlay	-	-	42,565	134,208
 Debt service:				
Principal	24,536	36,169	41,755	25,530
Interest	10,067	8,315	8,793	11,440
Total debt service	34,603	44,484	50,548	36,970
 Total expenditures	<u>\$ 701,393</u>	<u>\$ 580,468</u>	<u>\$ 584,528</u>	<u>\$ 774,843</u>

VILLAGE OF FOREST HILL, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2018 and 2017

Records maintained by the Village indicated the following number of customers were being serviced during the months of June, 2018 and 2017:

<u>Department</u>	<u>2018</u>	<u>2017</u>
Water (metered)	1,136	1,129
Sewer	114	113
Gas	428	428
Sanitation	245	248

VILLAGE OF FOREST HILL, LOUISIANA

Comparative Statement of Net Position  
Proprietary Fund  
June 30, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 164,953	\$ 104,119
Receivables:		
Accounts receivable	51,827	56,859
Unbilled utility receivables	23,982	18,963
Prepaid gas	7,753	13,568
Total current assets	<u>248,515</u>	<u>193,509</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	81,354	82,779
Capital assets:		
Land	51,131	51,131
Other capital assets, net of accumulated depreciation	2,374,272	2,519,746
Total noncurrent assets	<u>2,506,757</u>	<u>2,653,656</u>
Total assets	<u>\$ 2,755,272</u>	<u>\$ 2,847,165</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 18,629	\$ 9,746
Accrued liabilities	1,062	1,128
Due to other funds	79,137	54,764
Notes payable - current	-	7,304
Customer deposits payable from restricted assets	81,354	82,779
Total current liabilities	<u>180,182</u>	<u>155,721</u>
Noncurrent liabilities:		
Compensated absences	6,957	6,685
Bonds/notes payable-noncurrent	-	8,995
Total noncurrent liabilities	<u>6,957</u>	<u>15,680</u>
Total liabilities	<u>187,139</u>	<u>171,401</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,425,403	2,554,578
Unrestricted	142,730	121,186
Total net position	<u>\$ 2,568,133</u>	<u>\$ 2,675,764</u>



VILLAGE OF FOREST HILL, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Net Position-  
For the Years Ended June 30, 2018 and 2017

	Total		Gas	
	2018	2017	2018	2017
Operating revenues:				
Customer service charges	\$ 661,305	\$ 598,221	\$ 239,159	\$ 185,228
Other	<u>7,919</u>	<u>3,967</u>	<u>421</u>	<u>1,297</u>
Total operating revenues	<u>669,224</u>	<u>602,188</u>	<u>239,580</u>	<u>186,525</u>
Operating expenses:				
Salaries	174,519	182,260	51,743	50,412
Payroll taxes	13,471	16,121	3,960	4,277
Retirement	2,400	2,147	1,200	1,200
Maintenance and repairs	60,564	72,295	11,315	22,208
Professional fees	39,130	6,137	15,835	2,080
Utilities and telephone	45,041	44,106	14,983	13,703
General insurance	45,068	25,286	17,865	6,181
Group health insurance	20,240	22,728	6,203	10,827
Office expense	13,391	16,610	2,295	4,568
Supplies and parts	24,020	28,206	-	-
Purchases	72,517	39,350	72,517	39,350
Garbage collection fees	42,762	42,758	-	-
Auto and truck expense	9,101	9,578	2,947	2,177
Depreciation expense	190,956	179,570	27,440	26,965
Dues and fees	12,813	8,583	-	560
Contract services	800	700	800	-
Meals, lodging and travel	8,348	12,539	4,264	4,838
Miscellaneous	<u>3,693</u>	<u>5,534</u>	<u>1,931</u>	<u>1,947</u>
Total operating expenses	<u>778,834</u>	<u>714,508</u>	<u>235,298</u>	<u>191,293</u>
Operating income (loss)	<u>(109,610)</u>	<u>(112,320)</u>	<u>\$ 4,282</u>	<u>\$ (4,768)</u>
Nonoperating revenues (expenses):				
Interest income	17	59		
Interest expense	<u>(438)</u>	<u>(1,005)</u>		
Total nonoperating revenues (expenses)	<u>(421)</u>	<u>(946)</u>		
Loss before contributions and transfers	<u>(110,031)</u>	<u>(113,266)</u>		
Capital contributions	-	20,000		
Transfers in (out)	<u>2,400</u>	<u>32,158</u>		
Change in net position	<u>(107,631)</u>	<u>(61,108)</u>		
Net position, beginning	<u>2,675,764</u>	<u>2,736,872</u>		
Net position, ending	<u>\$ 2,568,133</u>	<u>\$ 2,675,764</u>		

Water		Sewer		Sanitation	
2018	2017	2018	2017	2018	2017
\$ 323,885	\$ 308,711	\$ 49,277	\$ 51,217	\$ 48,984	\$ 53,065
<u>7,498</u>	<u>1,373</u>	<u>-</u>	<u>1,297</u>	<u>-</u>	<u>-</u>
<u>331,383</u>	<u>310,084</u>	<u>49,277</u>	<u>52,514</u>	<u>48,984</u>	<u>53,065</u>
77,656	70,051	38,567	61,797	6,553	-
5,910	6,251	3,102	5,593	499	-
1,200	947	-	-	-	-
34,917	34,013	14,332	16,074	-	-
14,031	1,281	9,264	2,776	-	-
15,324	16,395	14,734	14,008	-	-
18,909	13,017	8,294	6,088	-	-
7,832	6,547	6,205	5,354	-	-
9,163	8,919	1,933	3,123	-	-
21,719	27,506	2,301	700	-	-
-	-	-	-	-	-
-	-	-	-	42,762	42,758
3,141	3,243	3,013	4,158	-	-
111,720	104,722	51,796	47,883	-	-
12,813	8,023	-	-	-	-
-	700	-	-	-	-
3,442	2,454	642	5,247	-	-
<u>1,285</u>	<u>2,255</u>	<u>53</u>	<u>1,332</u>	<u>424</u>	<u>-</u>
<u>339,062</u>	<u>306,324</u>	<u>154,236</u>	<u>174,133</u>	<u>50,238</u>	<u>42,758</u>
<u>\$ (7,679)</u>	<u>\$ 3,760</u>	<u>\$ (104,959)</u>	<u>\$ (121,619)</u>	<u>\$ (1,254)</u>	<u>\$ 10,307</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

\* A Professional Accounting Corporation

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Forest Hill, Louisiana (the Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 4, 2018.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiency, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-001(IC) and 2018-002(IC) to be material weaknesses.

## **Compliance and Other Matters**

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

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

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

## **Purpose of this Report**

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

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

Alexandria, Louisiana  
October 4, 2018

VILLAGE OF FOREST HILL, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
For the Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/2018) --						
<u>Internal Control:</u>						
2018-001(IC)	Unknown	Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Elizabeth Jeter, Mayor	N/A
2018-002(IC)	2017	The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Village has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Elizabeth Jeter, Mayor	N/A
<u>Management Letter:</u>						
2018-003(ML)	2016	The Utility Fund sewer department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	Yes	Management will review sewer rates and attempt to decrease expenses in order for the sewer department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2019
2018-004(ML)	2018	The Utility Fund water department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	Yes	Management will review water rates and attempt to decrease expenses in order for the water department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2019
2018-005(ML)	2018	The Utility Fund sanitation department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	Yes	Management will review sanitation rates and attempt to decrease expenses in order for the sanitation department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2019

(continued)

VILLAGE OF FOREST HILL, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (6/30/2017) --						
<u>Internal Control:</u>						
2017-001(IC)	Unknown	Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Elizabeth Jeter, Mayor	N/A
2017-002(IC)	2017	The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Village has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Elizabeth Jeter, Mayor	N/A
2017-003(IC)	2016	Management should reconcile monthly meter deposits and accounts receivable to subsidiaries to ensure that all activity is recorded properly.	Yes	Management will review current reconciliation procedures, and implement proper steps to ensure that meter deposits and accounts receivable are reconciled monthly.	Elizabeth Jeter, Mayor	6/30/2018
<u>Management Letter:</u>						
2017-004(ML)	2016	The Utility Fund sewer department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	No	Management will review sewer rates and attempt to decrease expenses in order for the sewer department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2018
2017-005(ML)	2017	The Utility Fund gas department experienced an operating loss. Village officials should develop a strategy and plan for future operations, including increasing rates and/or decreasing expenses.	Yes	Management will review gas rates and attempt to decrease expenses in order for the gas department to operate on a profitable basis.	Elizabeth Jeter, Mayor	6/30/2018

**VILLAGE OF FOREST HILL, LOUISIANA**  
Forest Hill, Louisiana

Agreed-Upon Procedures Report

Period Ended June 30, 2018



# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have performed the procedures enumerated below, which were agreed to by the management of the Village of Forest Hill, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The management of the Village of Forest Hill, Louisiana is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

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

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

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

### ***Collections***

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4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are

made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:

- a) We observed that receipts are sequentially pre-numbered.
- b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) We traced the deposit slip total to the actual deposit per the bank statement.
- d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) We traced the actual deposit per the bank statement to the general ledger.

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

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- 8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) We observed that the disbursement matched the related original invoice/billing statement.
  - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, we randomly select one monthly bank statement), obtained supporting documentation, and:
  - a) We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

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

### ***Contracts***

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

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

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

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

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

#### ***Ethics***

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

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

#### ***Debt Service***

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

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

#### ***Other***

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

#### **Findings:**

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

##### **Bank Reconciliations:**

1. The reconciliations for the Village of Forest Hill, Louisiana for both the General Fund and the Meter Account Fund have outstanding checks older than 12 months and no evidence of researching the outstanding checks.

**Collections:**

2. The town clerk for the Village of Forest Hill, Louisiana collects monies for deposit as well as records the collected monies in the general ledger.

**Disbursements:**

3. The Village of Forest Hill, Louisiana does not have written documentation indicating that the person responsible for processing payments is prohibited from adding vendors to the disbursement system.

**Management's Response:**

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Alexandria, Louisiana  
October 4, 2018