

**VILLAGE OF FOREST**  
Forest, Louisiana

**Annual Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 2021**  
**With Supplemental Information Schedules**

VILLAGE OF FOREST  
Forest, Louisiana

Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended December 31, 2021  
With Supplemental Information Schedules

C O N T E N T S

		<u>Page No.</u>
<b>Independent Auditor's Report</b>		3
<b>Required Supplemental Information (Part I)</b>		
Management's Discussion and Analysis		6
<b>Basic Financial Statements</b>		
	<u>Statement</u>	<u>Page No.</u>
Government-Wide Financial Statements:		
Statement of Net Position	A	12
Statement of Activities	B	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	14
Reconciliation of the Governmental Funds Balance Sheet to The Financial Statement of Net Position		15
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities		17
Proprietary Fund Type - Water Enterprise Fund:		
Statement of Net Position	E	18
Statement of Changes in Net Position	F	19

VILLAGE OF FOREST  
 Forest, Louisiana  
 Contents, December 31, 2021

C O N T E N T S (CONTD.)

	<u>Statement</u>	<u>Page No.</u>
Statement of Cash Flows	G	20
Notes to the Financial Statements		21
<b>Required Supplemental Information (Part II):</b>	<u>Schedule</u>	
Budgetary Comparison Schedule - General Fund	1	34
Note to Budgetary Comparison Schedule		35
Schedule of Water Rates	2	36
Schedule of Insurance Coverage	3	37
<b>Other Supplemental Schedules (Part III):</b>		
Proposed Operating Budget - For the Year Ending December 31, 2022 (Unaudited)	4	38
Schedule of Compensation Paid Aldermen	5	41
Schedule of Compensation, Benefits and Other Payments to Agency Head	6	42
<b>Reports Required by Government Auditing Standards (Part IV)</b>		
<b>Independent Auditor's Report Required by Government Auditing Standards (Part IV):</b>		
Report on Compliance and Internal Control over Financial Reporting		44
Schedule of Audit Findings	7	46
Summary Schedule of Prior Audit Findings	8	47
Agency Corrective Action Plan		48

Member:  
American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

**MARY JO FINLEY, CPA, INC.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
116 Professional Drive - West Monroe, LA 71291  
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

## Independent Auditor's Report

VILLAGE OF FOREST  
Forest, Louisiana

### *Report on the Financial Statements*

#### *Opinions*

I have audited the accompanying financial statements of the governmental activities, business-type activities and the major fund of the Village of Forest, as of December 31, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise the village's basic financial statements as listed in the table of contents.

#### *Unmodified Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the major fund of the Village of Forest as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

I conducted my 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, and the *Louisiana Governmental Audit Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Village of Forest and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Responsibility of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Forest's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibility for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

## VILLAGE OF FOREST

Forest, Louisiana

Independent Auditor's Report

December 31, 2021

an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Forest's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financials statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Forest's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and notes to required supplementary information, schedule of water rates and schedule of insurance coverage as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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

VILLAGE OF FOREST

Forest, Louisiana  
Independent Auditor's Report  
December 31, 2021

information for consistency with managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forest's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head, compensation paid to alderman and proposed operating budget as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion the schedule of compensation, benefits and other payments to agency head, compensation paid to alderman and proposed operating budget are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated March 17, 2022, on my consideration of the Village of Forest's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Forest's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Forest's internal control over financial reporting and compliance.



West Monroe, Louisiana  
March 17, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

VILLAGE OF FOREST  
Forest, Louisiana

**Management's Discussion and Analysis**  
December 31, 2021

As management of the Village of Forest, we offer readers of the Village of Forest's financial statements this narrative overview and analysis of the financial activities of the Village of Forest for the year ended December 31, 2021. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Village's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Village's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

***Government-wide financial statements.*** The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Forest's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Forest's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Forest is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).



**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Forest, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Forest can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Forest adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

**Proprietary funds.** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses its enterprise fund to account for its water utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the enterprise fund, which is considered to be a major fund of the Village.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Forest's performance.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Village of Forest exceeded liabilities by \$1,153,239. Approximately 65% of the Village of Forest's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Village of Forest to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$339,069	\$280,169
Receivables	<u>22,261</u>	<u>22,599</u>
Total current assets	361,330	302,768
Restricted assets - cash and cash equivalents		
Debt service requirements	51,128	22,963
Meter deposits	46,597	45,873
Capital assets - not depreciated	52,717	52,717
Capital assets (net of accumulated depreciation)	<u>1,463,400</u>	<u>1,551,184</u>
<b>TOTAL ASSETS</b>	<u><b>\$1,975,172</b></u>	<u><b>\$1,975,505</b></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$6,307	\$3,833
Salaries payable	3,119	2,957
Customer meter deposits	41,035	39,695
Payable from restricted assets - accrued interest	<u>2,882</u>	<u>2,938</u>
Total current liabilities	<u>53,343</u>	<u>49,423</u>
Long term liabilities:		
Due in one year	15,428	14,102
Due in more than one year	<u>753,162</u>	<u>769,233</u>
Total long term liabilities	<u>768,590</u>	<u>783,335</u>
<b>TOTAL LIABILITIES</b>	<u><b>821,933</b></u>	<u><b>832,758</b></u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	747,527	141,963
Restricted	97,725	68,836
Unrestricted	<u>307,987</u>	<u>931,948</u>
<b>TOTAL NET POSITION</b>	<u><b>\$1,153,239</b></u>	<u><b>\$1,142,747</b></u>

STATEMENT OF ACTIVITIES

	<u>2021</u>	<u>2020</u>
Primary Government:		
Governmental Activities:		
Personal services	\$4,386	\$2,770
Operating services	9,970	6,876
Materials and supplies	1,680	3,092
Public safety	4,188	2,300
Depreciation expense	<u>3,520</u>	<u>4,188</u>
Total Governmental Activities	<u>23,744</u>	<u>19,226</u>
Business-type Activities:		
Water and sewer		
Salaries	72,296	70,955
Payroll taxes	6,298	5,896
Administrative	19,850	12,713
Utilities	18,514	15,687
Repairs and maintenance	692	1,831

Insurance	\$11,710	\$23,090
Materials and supplies	30,388	22,794
Testing expense	8,178	8,063
Depreciation expense	83,596	83,596
Total Business-type Activities	<u>251,522</u>	<u>244,625</u>
Total Primary Government	<u>275,266</u>	<u>263,851</u>
Governmental Activities:		
Occupational licenses	8,521	8,531
Fees, charges and commissions	11,989	1,160
Other revenue	100	2,142
Business-type - Water sales	<u>283,616</u>	<u>249,333</u>
Total program revenues	<u>304,226</u>	<u>261,166</u>
Net Program Expenses (Revenues)	<u>28,960</u>	<u>(2,685)</u>
General revenues (expenses)		
Tax, franchise	7,539	6,245
Interest earned	1,084	1,588
Interest expense	(34,892)	(35,542)
Intergovernmental:		
Federal grant	7,801	
State grant		25,000
Total general revenues (expenses)	<u>(18,468)</u>	<u>(2,709)</u>
Change in Net Position	10,492	(5,394)
Net Position - Beginning of year	1,142,747	1,148,141
Net Position - End of year	<u>\$1,153,239</u>	<u>\$1,142,747</u>

### Financial Analysis of the Government's Funds

As noted earlier, the Village of Forest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2021, the General Fund unassigned fund balance of \$39,087 showed an increase of \$8,686 over December 31, 2020.

### General Fund Budgetary Highlights

Differences between the revenues of the original budget and the final budget was due to an increase in occupational licenses and fees, charges and commissions. Differences between the expenditures of the original budget and the final budget were due to an increase in personal services and operating services and decreases in materials and supplies.

### Capital Asset and Debt Administration

**Capital assets.** The Village of Forest's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$137,775 (net of accumulated depreciation). This investment includes land, furniture and equipment. There were no increases or decreases in capital outlay for the year ended December 31, 2021.

**Long-term debt.** At the end of the fiscal year, the Village of Forest had business type activity debt outstanding, in the form of revenue bonds, of \$768,590. During the year ended December 31, 2021, \$14,745 of debt was paid in accordance with the debt agreement.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Forest's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Forest, P.O. Box 338, Forest, LA 71242.

March 17, 2022

## **BASIC FINANCIAL STATEMENTS**

VILLAGE OF FOREST  
Forest, Louisiana

STATEMENT OF NET POSITION  
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$37,777	\$301,292	\$339,069
Accounts receivable	1,643	20,618	22,261
Total current assets	<u>39,420</u>	<u>321,910</u>	<u>361,330</u>
Restricted assets - cash and cash equivalents:			
Debt service requirements		51,128	51,128
Meter deposits		46,597	46,597
Capital assets - not depreciated	27,500	25,217	52,717
Capital assets (net of accumulated depreciation)	<u>110,275</u>	<u>1,353,125</u>	<u>1,463,400</u>
<b>TOTAL ASSETS</b>	<u><u>\$177,195</u></u>	<u><u>\$1,797,977</u></u>	<u><u>\$1,975,172</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$333	\$5,974	\$6,307
Salaries payable		3,119	3,119
Customer meter deposits		41,035	41,035
Payable from restricted assets - accrued interest		2,882	2,882
Total current liabilities	<u>333</u>	<u>53,010</u>	<u>53,343</u>
Long term liabilities:			
Due in one year		15,428	15,428
Due in more than one year		753,162	753,162
Total long term liabilities	<u>NONE</u>	<u>768,590</u>	<u>768,590</u>
<b>TOTAL LIABILITIES</b>	<u><u>333</u></u>	<u><u>821,600</u></u>	<u><u>821,933</u></u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	137,775	609,752	747,527
Restricted		97,725	97,725
Unrestricted	39,087	268,900	307,987
<b>TOTAL NET POSITION</b>	<u><u>\$176,862</u></u>	<u><u>\$976,377</u></u>	<u><u>\$1,153,239</u></u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana

STATEMENT OF ACTIVITIES  
December 31, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government
Primary Government:			
Governmental Activities:			
Personal services	\$4,386		\$4,386
Operating services	9,970		9,970
Materials and supplies	1,680		1,680
Depreciation expense	4,188		4,188
Public safety	3,520		3,520
Total Primary Governmental Activities	<u>23,744</u>	NONE	<u>23,744</u>
Business-type Activities:			
Water and sewer			
Salaries		\$72,296	72,296
Payroll taxes		6,298	6,298
Administrative		19,850	19,850
Utilities and telephone		18,514	18,514
Repairs and maintenance		692	692
Insurance		11,710	11,710
Materials and supplies		30,388	30,388
Testing expense		8,178	8,178
Depreciation expense		83,596	83,596
Total Business-type Activities	NONE	<u>251,522</u>	<u>251,522</u>
Total Primary Government	<u>23,744</u>	<u>251,522</u>	<u>275,266</u>
Governmental Activities -			
Charges for service:			
Occupational licenses	8,521		8,521
Fees, charges and commissions	11,989		11,989
Other revenue	100		100
Business-type Activity - Water sales		283,616	283,616
Total program revenues	<u>20,610</u>	<u>283,616</u>	<u>304,226</u>
Net Program Expenses (Revenues)	<u>(3,134)</u>	<u>32,094</u>	<u>28,960</u>
General revenues (expenses)			
Tax, franchise	7,539		7,539
Interest earned	93	991	1,084
Interest expense		(34,892)	(34,892)
Intergovernmental -			
Federal grant		7,801	7,801
Total general revenues (expenses)	<u>7,632</u>	<u>(26,100)</u>	<u>(18,468)</u>
Change in Net Position	4,498	5,994	10,492
Net Position - Beginning of year	<u>172,364</u>	<u>970,383</u>	<u>1,142,747</u>
Net Position - End of year	<u>\$176,862</u>	<u>\$976,377</u>	<u>\$1,153,239</u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana  
GOVERNMENTAL FUND

Balance Sheet, December 31, 2021

<b>ASSETS</b>	
Cash	\$37,777
Accounts receivables	<u>1,643</u>
<b>TOTAL ASSETS</b>	<u><u>\$39,420</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	<u>\$333</u>
Fund balance unassigned	<u>39,087</u>
<b>TOTAL LIABILITIES         AND FUND BALANCE</b>	<u><u>\$39,420</u></u>

See independent auditor's report and the related notes to the financial statements.



VILLAGE OF FOREST  
Forest, Louisiana

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2021

Total Fund Balances - Governmental Funds (Statement C)		<u>\$39,087</u>
Cost of capital assets	\$253,639	
Less: Accumulated depreciation	<u>(115,864)</u>	<u>137,775</u>
Net Position (Statement A)		<u><u>\$176,862</u></u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,  
and Changes in Fund Balances

For the Year Ended December 31, 2021

<b>REVENUES</b>	
Tax, franchise	\$7,539
Occupational licenses	8,521
Fees, charges and commissions	11,989
Use of money and property - interest earnings	93
Other revenue	<u>100</u>
Total revenues	<u>28,242</u>
<b>EXPENDITURES</b>	
General government - current:	
Personal services	4,386
Operating services	9,970
Materials and supplies	1,680
Public safety	<u>3,520</u>
Total expenditures	<u>19,556</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	8,686
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>30,401</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$39,087</u></u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana

Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2021

Total net change in fund balances - governmental funds (Statement D)	\$8,686
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	<u>(4,188)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$4,498</u></u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
 Forest, Louisiana  
 Statement of Net Position  
 Proprietary Fund Type - Water Enterprise Fund  
 December 31, 2021

**ASSETS**

## Current assets:

Cash	\$301,292
Accounts receivables	20,618
Total current assets	321,910

## Restricted assets - cash and equivalents

Debt service requirements	51,128
Meter deposits	46,597

Capital assets - not depreciated	25,217
Capital assets (net of accumulated depreciation)	1,353,125

TOTAL ASSETS	\$1,797,977
--------------	-------------

**LIABILITIES AND FUND BALANCE**~~Liabilities:~~

## Current liabilities:

Accounts payable	5,974
Salaries payable	3,119
Customer meter deposits	41,035
Payable from restricted assets - accrued interest	2,882
Total current liabilities	53,010

## Long term liabilities

Due in one year	15,428
Due in more than one year	753,162
Total long term liabilities	768,590

TOTAL LIABILITIES	821,600
-------------------	---------

**NET POSITION**

Invested in capital assets, net of related debt	609,752
Restricted	97,725
Unrestricted	268,900
TOTAL NET POSITION	976,377

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
FOREST, Louisiana  
PROPRIETARY FUND TYPE -  
WATER ENTERPRISE FUND

Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended December 31, 2021

<b>OPERATING REVENUES</b>	
Water sales	<u>\$283,616</u>
<b>OPERATING EXPENSES</b>	
Salaries	72,296
Payroll taxes	6,298
Administrative	19,850
Utilities and telephone	18,514
Repairs and maintenance	692
Insurance	11,710
Materials and supplies	30,388
Testing Expense	8,178
Depreciation	<u>83,596</u>
Total Operating Expenses	<u>251,522</u>
<b>OPERATING INCOME</b>	<u>32,094</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Interest income	991
ARPA grant	7,801
Interest expense	<u>(34,892)</u>
Total Non-Operating Revenues (expenses)	<u>(26,100)</u>
<b>NET INCOME (loss)</b>	<u>5,994</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>970,383</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$976,377</u></u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
FOREST, Louisiana  
PROPRIETARY FUND TYPE -  
WATER ENTERPRISE FUND  
Statement of Cash Flows  
For the Year Ended December 31, 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$284,939
Customer meter deposits (net)	1,825
Payments to suppliers	(87,994)
Payments to employees	(78,594)
Net cash provided by operating activities	<u>120,176</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital debt	(14,745)
Interest paid on capital debt	(34,892)
Grant proceeds	7,801
Net cash used by capital and related financing activities	<u>(41,836)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	991
Net cash provided (used) by investing activities	<u>991</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	79,331
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>319,686</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$399,017</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Income	\$32,094
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation	83,596
Change in Assets and Liabilities:	
Decrease in accounts receivable	427
Increase in accounts payable	2,775
Decrease in accrued interest payable	(55)
Increase in meter deposits	1,340
Net cash provided (used) by operating activities	<u>120,177</u>
<b>Reconciliation of Total Cash and Cash Equivalents:</b>	
Current Assets - Cash and Cash Equivalents	301,292
Restricted Assets - Cash and Cash Equivalents	97,725
Total Cash and Cash Equivalents	<u><u>\$399,017</u></u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended December 31, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Forest was incorporated under the provisions of the Lawrason Act in 1966. The village operates under a Mayor-Board of Aldermen form of government. The mayor and aldermen serve four-year terms which expire on December 31, 2024.

The accompanying financial statements of the Village of Forest have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

**A. REPORTING ENTITY**

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Forest for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the village to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.

## VILLAGE OF FOREST

Forest, Louisiana

### Notes to the Financial Statements (Continued)

2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that are part of the reporting entity.

#### **B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The village's basic financial statements include both government-wide (reporting the village as a whole) and fund financial statements (reporting the village's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the village.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The village first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the village's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the village's general revenues.



## VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

**Allocation of Indirect Expenses** - The village reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the village are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The village's current operations require the use of only governmental and proprietary funds. The governmental and proprietary fund types used by the village are described as follows:

#### **Governmental Fund Type**

**General Fund** - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the village and is used to account for the operations of the village's office. The various fees and charges due to the village's office are accounted for in this fund. General operating expenditures are paid from this fund.

## VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

### **Proprietary Fund Type - Water Enterprise Fund**

The Water Enterprise Fund is used to account for the operations of the village's water system. The operations are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

##### **1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

##### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The village considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the village.

Based on the above criteria, franchise taxes have been treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Proprietary Fund Type - Water Enterprise Fund**

The Water Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**E. CASH AND CASH EQUIVALENTS**

Under state law, the village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2021, the village has cash and cash equivalents (book balances) totaling \$436,795.

Demand deposits	\$331,085
Time deposits	105,710
Total	<u>\$436,795</u>

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name. The Village does not have a policy concerning custodial risk.

Cash and cash equivalents (bank balances) of \$437,600 at December 31, 2021, and are fully insured by FDIC insurance and pledged securities.

**F. CAPITAL ASSETS**

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 \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the village, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

**G. ANNUAL AND SICK LEAVE**

The Village of Forest has not adopted vacation and sick leave policies; therefore, there is no liability for compensated absences.

**H. RISK MANAGEMENT**

The village is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the fire district maintains a commercial insurance policy covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2021.

**N. Total Column on the Balance Sheet**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**I. EQUITY CLASSIFICATIONS**

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable* - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

*Restricted* - represents balances where constraints have been established by parties outside the Village's office or imposed by law through constitutional provisions or enabling legislation.

*Committed* - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority.

*Assigned* - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

*Unassigned* - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$39,087. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds. The Village considers restricted amounts have been spent when an expenditure has been incurred for the purpose for which both restricted and unrestricted fund balance is available.

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

**J. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**K. RESTRICTED ASSETS**

Restricted assets represent primarily cash held separately and restricted according to bond indenture agreements. Cash held for water customer deposits is also reported as restricted.

**L. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. RECEIVABLES**

The following is a summary of receivables at December 31, 2021:

	General Fund	Water Enterprise Fund	Total
Taxes:			
Franchise	\$1,643		\$1,643
Water accounts		\$20,618	20,618
Total	<u>\$1,643</u>	<u>\$20,618</u>	<u>\$22,261</u>

**3. CHANGES IN CAPITAL ASSETS**

The following presents changes in capital assets for the year ended December 31, 2021:

VILLAGE OF FOREST  
 Forest, Louisiana  
 Notes to the Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated - Land	\$27,500			\$27,500
Capital assets being depreciated:				
Buildings	169,768			169,768
Improvements other than buildings	13,001			13,001
Vehicles	22,443			22,443
Equipment	20,927			20,927
Total assets	\$253,639	NONE	NONE	\$253,639
Less accumulated depreciation	111,676	\$4,188		115,864
Net capital assets	\$141,963	(\$4,188)	NONE	\$137,775

Depreciation expense of \$4,188 was charged to the health and welfare function.

A summary of proprietary fund type property, plant, and equipment at December 31, 2021, follows:

	Basis	Accumulated Depreciation	Net Book Value
Water system	\$2,459,865	(\$1,066,811)	\$1,393,054
Equipment	43,667	(83,596)	NONE
Total	\$2,503,532	(\$1,150,407)	\$1,353,125

Depreciation expense of \$83,596 was charged to the health and welfare function.

**4. PENSION PLAN**

The employees of the village are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the village contributes an equal amount to the Social Security System. For the year ended December 31, 2021, total salaries paid for 2021 were \$72,796. The village does not guarantee the benefits granted by the Social Security System.

**5. REVENUE BONDS PAYABLE**

At December 31, 2021, the village has one outstanding issues of long-term revenue bonds. In 2008 the village had a preliminary bond issue for \$912,000. The village received \$755,000 of this issue at December 31, 2008 and the remaining \$157,000 at December, 31, 2009. The issue bears interest at 4.5 per cent per annum. Principal and interest are to be repaid in monthly payments of \$4,141 through July 10, 2048. All long-term debt is to be repaid solely from the income and revenues derived from the operation of the water system.



VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

The following is a summary of revenue bonds payable transactions for the year ended December 31, 2021:

Revenue bonds payable at January 1, 2021	\$783,335
Additions	NONE
Reductions	<u>(14,745)</u>
Long-term debt at December 31, 2021	<u>\$768,590</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$15,428	\$34,264	\$49,692
2023	16,136	33,556	49,692
2024	16,878	32,814	49,692
2025	17,653	32,039	49,692
2026	18,464	31,228	49,692
2027-2031	105,851	142,609	248,460
2032-2036	132,504	115,956	248,460
2037-2040	165,868	82,592	248,460
2041-2045	207,632	40,828	248,460
2046-2048	<u>72,176</u>	<u>2,596</u>	<u>74,772</u>
Total	<u>\$768,590</u>	<u>\$548,482</u>	<u>\$1,317,072</u>

**6. RESERVED RETAINED EARNINGS**

The bond covenant with the Farmers Home Administration for the 1990 revenue bond discussed in note 4 above, requires the village to establish the following reserve accounts:

- A. A "Water Revenue Bond and Interest Sinking Fund". The village must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
  
- B. A "Water Reserve Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Water Revenue Bond and Interest Sinking Fund. Such amounts may be used only for the payment of matured bonds and interest when sufficient funds are not available in the Water Revenue Bond and Interest Sinking Fund.

VILLAGE OF FOREST

Forest, Louisiana

Notes to the Financial Statements (Continued)

C. A "Water Depreciation and Contingency Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Water Revenue Bond and Interest Sinking Fund. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

At December 31, 2021 the village has \$23,405 in restricted accounts to meet reserve requirements. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 2021:

Reserve for revenue bonds payable at January 1, 2021	\$22,963
Deposits	9,288
Debt service	<u>(8,846)</u>
Reserve for bonds payable at December 31, 2021	<u>\$23,405</u>

**7. LITIGATION AND CLAIMS**

The Village of Forest is not involved in any litigation at December 31, 2021, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

VILLAGE OF FOREST  
 Forest, Louisiana  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Tax, franchise	\$6,000	\$6,200	\$7,539	\$1,339
Occupational licenses	8,600	9,737	8,521	(1,216)
Fees, charges and commissions	3,550	12,000	11,989	(11)
Use of money and property - interest earnings		5	93	88
Other revenues	200	110	100	(10)
Total revenues	<u>18,350</u>	<u>28,052</u>	<u>28,242</u>	<u>190</u>
<b>EXPENDITURES</b>				
General government - current:				
Personal services	5,760	8,350	4,386	3,964
Operating services	8,200	9,696	9,970	(274)
Materials and supplies	2,850	2,735	1,680	1,055
Public safety			3,520	(3,520)
Total expenditures	<u>16,810</u>	<u>20,781</u>	<u>19,556</u>	<u>1,225</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,540	7,271	8,686	1,415
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>NONE</u>	<u>NONE</u>	<u>30,401</u>	<u>30,401</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$1,540</u>	<u>\$7,271</u>	<u>\$39,087</u>	<u>\$31,816</u>

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2021

A preliminary budget for the ensuing year is prepared for the General Fund by the mayor prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is established and controlled by the board of aldermen at the functional level of expenditure. Encumbrance accounting is not used by the village. Appropriations lapse at year end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of aldermen.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

VILLAGE OF FOREST  
Forest, Louisiana

Schedule of Water Rates  
For the Year Ended December 31, 2021

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for first 2,000 gallons	\$19.00
	Per 1,000 gallons for all over 2,000 gallons	4.50
Commercial	Monthly minimum for first 2,000 gallons	29.00
	Per 1,000 gallons for all over 2,000 gallons	4.50
Institutional	Monthly minimum for first 5,000 gallons	150.00
	Per 1,000 gallons for all over 5,000 gallons	4.50

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana  
Schedule of Insurance Coverage  
As of December 31, 2021

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Expiration Date
Commercial General Liability	Allied World	5105-1598-06	Aggregate - \$3,000,000 Each Occurrence - \$1,000,000 Medical Payments -\$10,000	5/1/22
Commercial General Liability	Travelers	ZLP-81M31062-21-PC	Aggregate - \$2,000,000 Each Occurrence - \$1,000,000 Medical Payments -excluded	5/1/22
Worker's Compensation and Employers Liability	Louisiana Municipal Risk Management Agency	WC-70-0164-2021-16920	Statutory	1/1/22
Public Officials and Management Liability	Allied World	5105-1598-06	Each wrongful Act - \$1,000,000	5/1/22
Law Enforcement Liability	Travelers	ZLP-81M31062-21-PC	\$1,000,000	5/1/22
Commercial Crime (includes designated agents)	Travelers	660-6F07377A-TCT-21	\$100,000	5/1/22
Commercial Crime (includes designated agents)	Allied World	5105-1598-06	\$100,000	5/1/22
Real Property & Business Property Blanket	Allied World	5105-1598-06	\$960,000	5/1/22
Property Coverage Extension Blanket	Allied World	5105-1598-06	\$500,000	5/1/22
Standard Fire - Building	Travelers	660-6F07377A-TCT-21	\$621,106	5/19/22
Standard Fire - Business Personal Property	Travelers	660-6F07377A-TCT-21	INCLUDED	5/19/22
Contractors Equipment	Travelers	660-6F07377A-TCT-21	\$25,000	5/1/22
Commercial Automobile Coverage	Travelers	BA-4F267727-21-PUB	Auto Liability - \$1,000,000 Medical Payments - \$5,000 Physical damage - Actual Cash Value	5/1/22

See independent auditor's report and the related notes to the financial statements.

VILLAGE OF FOREST  
Forest, Louisiana  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Proposed Operating Budget  
For the Year Ending December 31, 2021  
(Unaudited)

<b>REVENUES</b>	
Water	\$275,000
Grant	250,000
Meter Deposit/Hook Up	4,000
Cut-off Fees	500
Other	3,000
Total revenues	<u>532,500</u>
<b>EXPENSES</b>	
Insurance	15,000
Sales tax	1,000
Interest expense	5,800
Permits	500
Payroll taxes	30,300
Office	2,000
Repairs and maintenance	1,000
Salaries	74,000
Supplies	24,000
Administrative expense	20,000
Testing expense	8,500
FmHA	49,000
Postage	2,500
Utilities and telephone	18,400
Grant	250,000
Total expenses	<u>502,000</u>
<b>NET INCOME</b>	<u>\$30,500</u>

See independent auditor's report and the related notes to the financial statements.



**OTHER SUPPLEMENTARY INFORMATION**

**PART III**

VILLAGE OF FOREST  
Forest, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
As of and For the Year Ended December 31, 2021

**COMPENSATION PAID ALDERMEN**

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405, aldermen receive up to \$30 for each regular meeting and \$15 for each special meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

VILLAGE OF FOREST  
Forest, LouisianaSchedule of Compensation Paid Aldermen  
For the Year Ended December 31, 2021

Larry Denmon, Mayor	\$1,500
Terri Jones	420
Christy Kelly	420
Jane Whorton	<u>420</u>
Total	<u>\$2,760</u>

See independent auditor's report.

VILLAGE OF FOREST  
Forest, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2021

LARRY DENMON, MAYOR

	<u>PURPOSE</u>	<u>AMOUNT</u>
Meeting reimbursements		<u>\$1,500</u>

See independent auditor's report.

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Member:  
American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

**MARY JO FINLEY, CPA, INC.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
116 Professional Drive - West Monroe, LA 71291  
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

**Independent Auditors 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***

VILLAGE OF FOREST  
Forest, Louisiana

I 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities and the major fund of the Village of Forest as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Village of Forest's basic financial statements, and have issued my report thereon dated March 17, 2022.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exist 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2021-001, that I consider to be a material weakness.

VILLAGE OF FOREST  
Forest, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 2021

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Forest's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Village of Forest's Response to Findings**

Village of Forest's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Village of Forest's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Forest'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 Village of Forest's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana  
March 17, 2022

VILLAGE OF FOREST  
Forest, Louisiana

Schedule of Audit Findings  
For the Year Ended December 31, 2021

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Village of Forest.
2. No instances of noncompliance material to the financial statements of the Village of Forest was disclosed during the audit.
3. One material weakness relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2021-001 Inadequate Segregation of Duties**

**Condition:** The segregation of duties is inadequate to provide effective internal control.

**Criteria:** Adequate segregation of duties is essential to a proper internal control .

**Cause of Condition:** The condition is due to economic limitations.

**Effect of Condition:** Not determined.

**Recommendation:** No action is recommended.

**Response:** Management concurred with the finding and provided a corrective action plan.



VILLAGE OF FOREST  
Forest, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2021

**2020-001 Inadequate Segregation of Duties**

**Finding:** The segregation of duties is inadequate to provide effective internal control.

**Recommendation:** No action is recommended.

**Conclusion:** This finding has not been resolved and is reported as Finding 2021-001.

# *Village of Forest*

PO Box 338, Forest, La 71242 (318)428-9058 [villageofforest@att.net](mailto:villageofforest@att.net)

March 18, 2022

Finding 2021-001

Re: Response to Finding of Segregation of Duties.

The Village of Forest has submitted the audit for the year 2021. Segregation of duties is limited to staff and lack of funds to hire more employees due to the size of our office.



Larry Denmon, Mayor