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VILLAGE OF FOREST HILL

Forest Hill, Louisiana

June 30, 1997

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Release Date NOV 15 2002



PAYNE, MOORE & HERRINGTON, LLP
 Certified Public Accountants
 Alexandria, Louisiana

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VILLAGE OF FOREST HILL

JUNE 30, 1997

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VILLAGE OF FOREST HILL

JUNE 30, 1997

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PAYNE, MOORE & HERRINGTON, LLP

GOVERNMENT ACCOUNTANTS

GOVERNMENT AUDITOR'S REPORT

To the Honorable Marcia Young, Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Forest Hill, Louisiana as of June 30, 1997 and for each of the two years in the period ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Forest Hill, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Forest Hill, Louisiana as of June 30, 1997, and the results of its operations and cash flows of its proprietary fund types for each of the two years in the period ended June 30, 1997, in conformity with generally accepted accounting principles.

As discussed in Note 1 of the financial statements, the Village of Forest Hill adopted Statement No. 34 of the Governmental Accounting Standards Board, Accounting and Reporting for Certain Grants and Other Financial Assistance.

In accordance with Government Auditing Standards, we have also issued a report dated August 26, 1997, on our consideration of the Village of Forest Hill, Louisiana's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.





PAYNE, MOORE & HARRINGTON, LLP

To the Honorable Marcia Young, Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Forest Hill, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Payne, Moore & Harrington, LLP
Certified Public Accountants

August 28, 1997

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1967

SHEET 5-1

	GENERAL	SPECIAL	TOTAL
		REVENUE	COMBINATION
REVENUES			(DELT)
Taxes	\$ 26,078	\$	\$ 26,078
Licenses and permits	20,273		20,273
Intergovernmental	41,899	96,132	11,899
Fees	27,583		27,583
Interest	433		433
Miscellaneous	<u>26,588</u>		<u>26,588</u>
Total Revenues	142,744	<u>96,132</u>	177,181
EXPENDITURES			
Current			
General government	120,218		120,218
Public safety	6,638	4,800	18,888
Highways, streets, and sanitation	28,623		28,623
Capital outlay	<u>18,843</u>	<u>17,827</u>	<u>31,850</u>
Total Expenditures	174,322	22,627	218,180
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,578)	7,505	(14,073)
OTHER FINANCING SOURCES			
Operating transfers in	30,800	-----	30,800
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(1,778)	7,505	(1,273)
FROM BALANCE, BEGINNING OF YEAR	43,428	3,311	43,380
<u>FROM BALANCE, END OF YEAR</u>	<u>41,650</u>	<u>4,438</u>	<u>43,350</u>

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

VILLAGE OF FOREST HILL, LOUISIANA
 CONSOLIDATED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1994

EXHIBIT B-1

	GENERAL	SPECIAL REVENUE	TOTAL COMBINATION TOTAL
REVENUES			
Taxes	\$ 13,400	4	\$ 13,404
Licenses and permits	21,428		21,428
Intergovernmental	31,200	25,831	57,031
Fines	27,188		27,188
Interest	808		808
Miscellaneous	3,118		3,118
Total Revenues	<u>104,242</u>	<u>25,831</u>	<u>130,073</u>
EXPENDITURES			
CURRENT			
General government	117,713		117,713
Public safety	8,893	13,240	22,133
Highways, streets, and sanitation	38,880		38,880
Capital outlay	22,220	28,828	51,048
Total Expenditures	<u>187,706</u>	<u>42,068</u>	<u>229,774</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(83,464)	(16,237)	(99,701)
OTHER FINANCING SOURCES			
Operating transfers in	48,680	21,620	70,300
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(34,784)	4,883	(29,901)
FUND BALANCES, BEGINNING OF YEAR	40,210	713	40,923
FUND BALANCES, END OF YEAR	<u>\$ 5,426</u>	<u>\$ 2,613</u>	<u>\$ 8,039</u>

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

VILLAGE OF FORT ST. VINCENNA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 REVENUES AND CAPITAL BUDGET FUND
 YEAR ENDED JUNE 30, 1986

REVENUE 6-1

	BUDGET FUND			OPERATIONAL FUND TOTAL			TOTAL BUDGET FUND		
	BUDGET	ACTUAL	VARIANCE (FAVORABLE/UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE (FAVORABLE/UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE (FAVORABLE/UNFAVORABLE)
REVENUES									
Taxes	21,540	21,020	520	2,000	2,000		23,540	23,020	520
License and permits (Interdepartmental)	24,000	24,000		1,424	1,424		25,424	25,424	
Fees	29,000	29,000		6,200	6,200		35,200	35,200	
Grants	21,400	21,400		24,700	24,700		46,100	46,100	
Interest	2,000	2,000		(1,150)	(1,150)		850	850	
Miscellaneous	2,000	2,000		1,000	1,000		3,000	3,000	
Sales Revenue	41,700	41,700		37,500	37,500		79,200	79,200	
EXPENDITURES									
CURRENT									
General government	124,000	124,700	(700)	1,000	1,000		125,000	125,700	(700)
Public safety	7,000	7,000		(1,700)	(1,700)		5,300	5,300	
Highways, streets, and utilities	40,000	29,000	11,000	4,125	4,125		44,125	33,125	11,000
Capital outlay	20,000	20,000		10,000	10,000		30,000	30,000	
Social expenditures	100,000	100,000		45,000	45,000		145,000	145,000	
OTHER CONTRIBUTIONS OF REVENUES OR SUBSIDIES									
GRAND FINANCING SOURCE									
Operating transfers in									
GRAND CONTRIBUTION OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES									
FUND BALANCE, BEGINNING OF YEAR									
FUND BALANCE, END OF YEAR									

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

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEAR ENDING JUNE 30, 2003

SCHEDULE 2-1

	SEWERAGE FUND			TOTAL
	GAS SYSTEM FUND	WATER SYSTEM FUND	SEWER SYSTEM FUND	
OPERATING REVENUES				
Charges for services - sales	\$171,400	\$149,810	4 9,559	\$321,769
Miscellaneous income	<u>48</u>	<u>232</u>	<u> </u>	<u>310</u>
TOTAL OPERATING REVENUES	171,448	149,748	9,559	321,755
OPERATING EXPENSES				
Gas purchased for resale	91,423			91,423
Salaries and payroll taxes	41,274	37,383		78,657
Office supplies and expense	1,848	39,803		41,651
Legal and other professional	15,218	6,485		21,703
System repairs, maintenance, and commissions	29,971		19,747	49,718
Utilities		15,789		15,789
Insurance	5,209	7,185	154	12,548
Depreciation	<u>18,213</u>	<u>28,387</u>	<u>26,378</u>	<u>72,978</u>
TOTAL OPERATING EXPENSES	195,857	129,822	46,068	371,747
OPERATING INCOME (LOSS)	(24,409)	20,426	(36,509)	(24,749)
NONOPERATING INCOME				
Interest income	<u>4,882</u>	<u>18,581</u>	<u>48</u>	<u>23,511</u>
Total Nonoperating Income	4,882	18,581	48	23,511
INCOME (LOSS) BEFORE OPERATING TRANSFER	(19,527)	39,007	(36,461)	19,019
OPERATING TRANSFERS OUT	<u> </u>	<u>(20,800)</u>	<u> </u>	<u>(20,800)</u>
NET INCOME (LOSS)	(19,527)	18,207	(36,461)	(17,781)
REPAIRED EARNINGS (DEFICIT), BEGINNING OF YEAR	142,288	180,248	118,121	440,657
REPAIRED EARNINGS (DEFICIT), END OF YEAR	\$122,761	\$98,441	\$1,284	\$222,486

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

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2018

REVENUE D-2

	ENTERPRISE FUNDS			TOTAL
	GAS SYSTEM FUND	WATER SYSTEM FUND	SEWER SYSTEM FUND	
OPERATING REVENUES				
Charges for services - sales	248,000	238,840	0	486,840
Miscellaneous income	<u>82</u>	<u>312</u>		<u>394</u>
Total Operating Revenues	248,082	239,152	0	487,234
OPERATING EXPENSES				
Gas purchased for resale	87,258			87,258
Salaries and payroll taxes	38,820	81,748		120,568
Office supplies and expense	1,000	9,748		10,748
Legal and other professional	8,128	8,128		16,256
System repairs, maintenance, and communications	23,608		15,470	39,078
Utilities		31,874		31,874
Insurance	8,142	8,872	188	17,192
Depreciation	<u>13,288</u>	<u>27,218</u>	<u>18,180</u>	<u>58,686</u>
Total Operating Expenses	<u>187,834</u>	<u>177,880</u>	<u>18,658</u>	<u>384,372</u>
OPERATING INCOME (LOSS)	(39,752)	6,272	(18,358)	(51,838)
NONOPERATING INCOME				
Disposition of property, plant, and equipment	8,388	8,388		16,776
Interest income	<u>8,254</u>	<u>18,384</u>	<u>82</u>	<u>26,820</u>
Total Nonoperating Income	<u>16,642</u>	<u>26,772</u>	<u>82</u>	<u>43,496</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(23,110)	13,050	(17,536)	(27,596)
OPERATING TRANSFERS OUT	128,880	148,880		277,760
NET LOSS	(150,990)	(135,830)	(17,536)	(304,356)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	110,132	814,132	(271,836)	552,428
RETAINED EARNINGS (DEFICIT), END OF YEAR	(39,858)	678,302	(289,372)	109,072

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

STATE OF MONTANA BILL, INTRODUCED
 COMBINED STATEMENT OF CASH FLOWS
 ALL INFORMATION FROM THESE
 YEARS ENDED JUNE 30, 1917

SCHEDULE B-1

	OPERATING PERIOD			TOTAL OPERATING PERIOD
	CASH RECEIPTS (DEBIT)	CASH DISBURSALS (CREDIT)	NET CASH RECEIPTS (DEBIT)	TOTAL OPERATING PERIOD (DEBIT)
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)				
ADJUSTMENTS TO reconcile operating income (loss) to NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Depreciation				
Change in assets and liabilities				
Accounts receivable				
Cash from other funds				
Accounts payable				
Cash in other funds				
Contract service deposits - net				
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 11,428	\$ 29,342	\$ 17,914	\$ 17,914
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating members cash				
NET CASH FROM FINANCING ACTIVITIES				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Deposits in property, plans, and equipment				
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in Investments				
Investment realized on operating assets				
NET CASH PROVIDED BY INVESTING ACTIVITIES				
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
CASH AND CASH EQUIVALENTS, END OF YEAR				
CLASSIFIED AS:				
Current Assets				
Restricted Assets				
TOTAL				

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

STATEMENTS OF ASSETS, LIABILITIES,
 CAPITALIZATION AND RESERVES
 AND STATEMENTS OF INCOME
 FOR THE YEAR ENDED 31st MARCH 1958

STATEMENT No. 2

	STATEMENTS OF ASSETS, LIABILITIES, CAPITALIZATION AND RESERVES			
	CALL AMOUNT PAID UP	SHARE AMOUNT PAID UP	RESERVE AMOUNT PAID UP	TOTAL RESERVE PAID UP
CASH STATE FROM OPERATING ACTIVITIES				
Operating Income (Loss)				
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operating activities				
Net Change	\$ (10,171)	\$ 8,212	\$ (20,379)	\$ (12,246)
Beginning Balance				
Ending Balance	\$ 13,795	\$ 21,219	\$ 28,332	\$ 63,354
CHANGES IN ASSETS AND LIABILITIES				
Accounts Receivable	3,875	949	28	4,852
Other Receivables	41	6		47
Due from other firms	(10,215)	(9,418)	(9,418)	(29,051)
Due to other firms	24,119	24,119	24,119	72,357
Customer money deposits - net	(1,225)	27,220	(25,191)	804
Net Cash Provided (Used) by Operating Activities	(10,171)	49,226	(30,062)	9,000
CASH STATE FROM FINANCING ACTIVITIES				
Operating Income (Loss)				
Net Cash Used by Financing Activities				
Net Cash Used by Financing Activities				
CASH STATE FROM INVESTING ACTIVITIES				
Investments in property, plant, and equipment	(105,950)	(124,989)	(5,795)	(236,734)
Proceeds from sale of equipment	4,319	4,319		8,638
Governmental liability - CAPITAL BOND	21,828	11,428		33,256
Governmental liability - DEBTORS BOND	(28,318)	(27,318)		(55,636)
Net Cash Used by Investing Activities	(108,121)	(136,559)		(244,680)
CASH STATE FROM FINANCING ACTIVITIES				
Proceeds from issuing of shares	5,120	212,222		217,342
Proceeds from issuing of debentures	(25,120)	(25,120)		(50,240)
Interest received on operating funds	(1,000)	(1,000)		(2,000)
Net Cash Provided (Used) by Financing Activities	(21,000)	186,102		165,102
NET CHANGE IN CASH AND CASH EQUIVALENTS	(17,171)	(17,171)		(34,342)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	35,327	10,028		45,355
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 18,156	\$ 27,199		\$ 45,355
LIABILITIES IN CURRENT ACCOUNTS				
Accounts Payable				
Accounts Receivable				
NET	\$ 18,156	\$ 27,199		\$ 45,355

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

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 18, 1997

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Village of Forest Hill was incorporated in 1928, under the provisions of the Louisiana Act. The Village operates under a Mayor - Board of Aldermen form of government.

The financial statements of the Village have been prepared in conformity with 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 GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units.

Significant Accounting Policies

The more significant of the Village's accounting policies are described below.

A. Change in Accounting Principle

Effective July 1, 1995, the Village of Forest Hill implemented the provisions of Statement No. 28 (GASB 28) of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. Under GASB 28, the Village recognizes as revenues and expenditures supplemental wages received by police employees from the State of Louisiana.

B. The Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the Village of Forest Hill (the primary government).

In evaluating how to define the Village's reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organizations" are: the capacity for the organization to have its own name, the right for the organization to sue and be sued in its own name without recourse to the primary government; and, the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to consider "financially accountable" include appointment of a voting majority of the organization's governing body; ability for primary government to impose its will on the organization; whether the

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

organization has the potential to provide specific financial benefits to, or improve specific financial burdens on the primary government, and fiscal dependence of the organization. An entity is financially dependent if it does not have the authority to do all of the following procedures:

- a. Determine its budget without another government having the authority to approve and modify that budget.
- b. Levy taxes or set rates or charges without approval from another government.
- c. Issue bond debt without approval by another government.

This report includes all funds and account groups which meet the above criteria. No potential component units were excluded or included in the accompanying financial statements.

C. Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village 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 all or most of the village's general activities, including the collection and disbursement of unassigned monies (special revenue funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities may be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The Village operates three Enterprise Funds - a gas system, a water system, and a sewer system.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1987

NOTES TO FINANCIAL STATEMENTS

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. Agency funds are used to account for assets held by the government as an agent for individuals, other governments, and/or other funds.

The General Fixed Assets Account Group is used to account for fixed assets other than those used in the proprietary funds.

b. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to December 30, 1986.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. 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 the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, grants, interest revenues, and charges for services. Fines, penalties, and license revenues are not susceptible to accrual because normally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1991

NOTES TO FINANCIAL STATEMENTS

Unbilled services receivable are considered immaterial at the balance sheet date and, therefore, are not reflected in the financial statements.

B. Budgets and Budgetary Accounting

Operating budgets of proposed expenditures and the means of financing them were adopted for the General Fund and Special Revenue Funds. Budgeted amounts are as originally adopted or as amended from time to time by the Board.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) which is also consistent with state law. The level of control is on an individual fund basis.

Appropriations expire at the close of the fiscal year to the extent not expended.

The Village is required to follow these procedures in establishing the budgetary data reflected in the financial statements:

1. The Village management prepares a proposed budget and submits it to the Mayor and the Board no later than fifteen days prior to the beginning of each fiscal year.
2. 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, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. 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.
5. All budgets are controlled at the fund level. Budgetary amendments involving the transfer of funds from one fund or project to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. Annual operating budget appropriations expire at the close of the fiscal year to the extent not expended.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1987

NOTES TO FINANCIAL STATEMENTS

F. Cash, Cash Equivalents and Investments

Cash includes amounts on hand, in demand deposits, and in time deposits. The Village considers all highly liquid investments with maturity of three months or less when acquired to be cash equivalents. Investments of the Village consist of participation of deposit and investment with the Louisiana Asset Management Fund (LAMP).

G. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Inventories

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

I. Restricted Assets

Utilities System Enterprise Fund assets classified as restricted represent "customers' deposits" amounts received from individuals for utility deposits.

J. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the Village.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary fund types is computed using the straight-line method over the estimated useful life.

K. Bad Debt

Bad debt arising from customers' utility receivables are recognized by the allowance method, whereby collectible amounts are estimated and charged against revenue on an annual basis. Other receivables are recognized as bad debt

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

as they are considered collectible by the Village officials. At June 30, 1997, all deposits are considered collectible by the Village.

L. Interfund Transactions

All interfund transactions are reported as operating transfers.

M. Compensated Absence

Vacation and sick leave not used within the year does not accrue; therefore, no liability for compensated absence is reflected in the general purpose financial statements.

N. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds.

O. Estimates

The preparation of financial statements on a modified basis of accounting requires management to make estimates and assumptions that directly impact reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

P. Memorandum Only-Total Columns

Total columns on the general purpose financial statements are designated "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1. CASH, CASH EQUIVALENTS AND INVESTMENTS

Under state law, the Village may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state or the Union, or the laws of the United States. The Village may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

VILLAGE OF FOREST HILL, LOUISIANA
 JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

At June 30, 1997, the village had cash and cash equivalents (book balances) totaling \$173,941 as follows:

	UNRESTRICTED	RESTRICTED	TOTAL
Party cash and change funds	\$ 558	\$	\$ 558
Demand deposits	\$29		\$29
Time deposits	171,882	580	172,882
	\$173,469	\$489	\$173,941

At June 30, 1997, the village had investments of \$318,918 consisting of the following:

	UNRESTRICTED	RESTRICTED	TOTAL
Time deposits			
Certificate of deposit	\$281,651	\$38,501	\$320,152
Investment in Louisiana Asset Management Pool	18,382		18,382
	\$299,443	\$38,501	\$338,918

These deposits are stated at cost, which approximates market. Under state law, these deposits (as the remaining book 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 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. At June 30, 1997, the Village had \$487,427 in deposits (collected book balances). These deposits are secured from risk by \$487,128 of Federal deposit insurance and \$38,518 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 3). Even though the pledged securities are considered noncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 29:1279 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 18 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

5. **DEB FROM/TO OTHER FUNDS**

Accounts due from and to other funds at June 30, 1997, consist of the following:

	DEB FROM OTHER FUNDS	DEB TO OTHER FUNDS
Enterprise Funds		
Gas System Fund	\$ 12,325	\$117,582
Water System Fund	188,892	12,355
Sewer System Fund	113,522	188,892
	\$294,844	\$298,944

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

4. RESTRICTED ASSETS

Cash and investments are classified as restricted because of the liability for refundable customer deposits in the proprietary funds as follows:

	CASH	INVESTMENTS	TOTAL
Gas system	\$	\$27,518	\$27,518
Water system		12,897	12,897
sewer system	468		468
	468	\$28,867	\$29,335

5. CHANGES IN GENERAL AND PROPRIETARY FUND TYPE FIXED ASSETS

A summary of changes in general fixed assets follows:

	BALANCE 1/01/96	ADDITIONS	DELETIONS	BALANCE 6/30/97
City Hall	\$ 26,289	\$ 767	\$	\$ 27,056
Fire station	12,200			12,200
Storage buildings	4,962	14,563		19,525
Ball park improvements	18,213			18,213
Automobiles	37,283		(589)	36,694
Fire trucks	182,812	38,800		221,612
Other equipment	17,881	2,822		20,703
	\$277,648	\$53,952	\$ (589)	\$327,011

	BALANCE 1/01/96	ADDITIONS	DELETIONS	BALANCE 6/30/97
City Hall	\$ 26,289	\$ 5,843	\$	\$ 32,132
Fire station	12,200	17,837		30,037
Storage buildings	27,525			27,525
Ball park improvements	18,213			18,213
Automobiles	37,283	23,833	(589)	60,527
Fire trucks	182,812			182,812
Other equipment	17,881	2,822		20,703
	\$328,498	\$43,435	\$ (589)	\$371,344

A summary of proprietary fund type property, plant, and equipment at June 30, 1997, follows:

	GAZ SYSTEM	WATER SYSTEM	SEWER SYSTEM	TOTAL
STRUCTURES ABOVE GROUND	\$ 115,501	\$	\$	\$ 115,501
STRUCTURES BELOW GROUND	287,850			287,850
Particulars plants, lines, and meters		612,814	672,204	1,285,018
Wells and storage tanks		212,500		212,500
Transmission main		18,800		18,800

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

Vehicle and equipment	5,848	23,884	9,129	38,861
Tractors, backhoes, and trailers	21,816	5,480		27,296
Computer	1,594	2,588		4,182
Pumps	848	1,128	24,300	26,324
Fences			20,850	20,850
Land		5,355	28,129	33,484
Less:	442,543	815,869	745,432	2,128,914
ACCUMULATED DEPRECIATION	(178,948)	(495,209)	(144,322)	(178,919)
CONSTRUCTION IN PROGRESS		9,452		9,452
NET PROPERTY, PLANT, AND EQUIPMENT	\$ 247,423	\$ 519,898	\$ 621,605	\$2,468,111

A summary of changes in proprietary fund type property, plant, and equipment follows:

	BALANCE 7/1/96	ADDITIONS	DELETIONS	BALANCE 6/30/97
Structures above ground	\$ 94,547	\$ 85,284	\$	\$ 179,831
Structures below ground	188,008	88,782		276,790
Purification plants, lines and meters	1,122,946	140,180		1,263,126
Wells and storage tanks	223,559			223,559
Transmission main	20,888			20,888
Vehicle and equipment	24,243	24,542	(12,810)	35,975
Tractors, backhoes, and trailers	18,443	17,847	(4,251)	31,939
Computer	8,782		(4,543)	4,239
Pumps	24,324			24,324
Fences	20,850			20,850
Land	24,284			24,284
Construction in progress	128,438	182,884	(111,254)	-
	<u>\$2,887,482</u>	<u>\$346,591</u>	<u>\$ (238,895)</u>	<u>\$2,995,178</u>
	BALANCE	ADDITIONS	DELETIONS	BALANCE
Structures above ground	\$ 283,021	\$11,482	\$	\$ 294,503
Structures below ground	287,888	50		287,938
Purification plants, lines and meters	1,264,328			1,264,328
Wells and storage tanks	223,559			223,559
Transmission main	20,888			20,888
Vehicle and equipment	25,958	3,824		29,782
Tractors, backhoes, and trailers	21,931			21,931
Computer	4,182			4,182
Pumps	24,324			24,324
Fences	20,850			20,850
Land	24,284			24,284
Construction in progress	-	8,452		8,452
	<u>\$2,313,318</u>	<u>\$24,294</u>	<u>\$ -</u>	<u>\$2,337,612</u>

VILLAGE OF FOREST HILL, LOUISIANA
 JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

Depreciation on these assets has been provided using the straight-line method based on the estimated useful lives of the assets. Fiscal year ended June 30, 1996, depreciation totaled \$18,799, \$27,219, and \$19,143, for the gas, water, and sewer systems, respectively. Fiscal year ended June 30, 1997, depreciation totaled \$14,113, \$29,297, and \$26,388, for gas, water, and sewer systems, respectively. The estimated useful lives are as follows:

Gas system		
Structures above ground		20 years
Structures below ground		50 years
Trenches and ductholes		10 years
Vehicles, equipment, computers, and pumps		5 years
Water system		
Water system		50 years
Wells and tanks		20 years
Transmission mains, trenches, and trailers		10 years
Vehicles, equipment, computers, and pumps		5 years
Sewer system		
Sewer system		50 years
Vehicles, equipment, and pumps		10 years
Purses		10 years

6. CONTRIBUTED CAPITAL

The following changes occurred in contributed capital of Enterprise Funds during the two years ended June 30, 1997:

	Gas SYSTEM	WATER SYSTEM	SEWER SYSTEM	TOTAL
	1996	1997	1996	1997
Balance, July 1, 1995	\$ 48,000	\$ 87,521	\$158,000	\$ 293,521
Additions				
Plant and equipment				
State grant	73,000	21,000		142,000
Public contributions	8,130	8,130		16,260
Balance, June 30, 1996	\$129,130	\$116,651	\$158,000	\$403,781

There were no changes in contributed capital during the year ended June 30, 1997. The contributed capital balance remains at \$1,841,915 in the Enterprise Funds as follows:

Gas System Fund	\$ 129,130
Water System Fund	116,651
Sewer System Fund	158,000
	\$1,841,915

VILLAGE OF FOREST HILL, LOUISIANA
 JUNE 30, 1993

NOTES TO FINANCIAL STATEMENTS

7. **RETAINED EARNINGS (DEFICIT)**

The Sewer System Fund has an accumulated deficit in retained earnings as of June 30, 1993, in the amount of \$128,428. The deficit is the direct result of accumulated depreciation of \$148,333 computed on assets acquired with contributed capital. Combining contributed capital with the deficit in unreserved retained earnings results in a fund equity balance of \$635,573.

8. **AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village normally in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Rapides Parish.

For the year ended June 30, 1992, taxes of 3.87 mills were levied on property with assessed valuations totaling \$774,484 and were dedicated for general library purposes. Total taxes levied were \$2,933.

For the year ended June 30, 1993, taxes of 3.87 mills were levied on property with assessed valuations totaling \$951,849, and were dedicated for general library purposes. Total taxes levied were \$3,638. Taxes receivable at June 30, 1993, are immaterial.

9. **COMPENSATION PAID TO MAYOR AND BOARD OF ALDERMEN**

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the Board of Aldermen of the Village of Forest Hill, Louisiana, for the fiscal years ending June 30, 1992, and June 30, 1993:

	Term of Office	Year Ended 6/30/92	Year Ended 6/30/93
Mayor Woodson McWhiffee	(reassigned) 8/28/92	\$4,800	\$
Mayor Chris Hollibaek	(appointed) 7/1/92 - 12/31/92		2,400
Mayor Marcia Young	(elected) 12/1/92 - 12/31/92		2,400
Board of Aldermen			
Mike Pelakovich	1/1/92 - 12/31/92	2,400	2,400
Anna Cloud	1/1/92 - 12/31/92	2,400	2,400
Karl Lisney	1/1/92 - 12/31/92	2,400	2,400

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1987

NOTES TO FINANCIAL STATEMENTS

10. SUPPLEMENTAL PAY

The Chief of Police of the Village of Forest Hill, having met statutory qualifications, receives supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$3,118 for the year ended June 30, 1986 and \$3,118 for the year ended June 30, 1987 is recognized as intergovernmental revenue and as public safety expenditures in the General Fund.

11. DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Village without being restricted to the provisions of benefits under the plan), subject only to the claims of the Village's general creditors. Participants' rights under the plan are equal to those of general creditors of the Village in an amount equal to the fair market value of the deferred amount for each participant.

On August 20, 1984, the President signed into law the Small Business Job Protection Act of 1984. The Act includes certain changes to Section 457 plans increasing protection for participants' investments. Under this Act, Section 457 plan assets will be held in a trust, custodial account, or annuity contract to protect participant assets from creditors of a bankruptcy or financially troubled public jurisdiction. Existing plans have until January 1, 1989, to comply with this requirement. This provision does not reduce the Village's rights as an entity to collect and change investment options associated with 457 plan assets; however, it does impact how those assets will be held. Future deferrals to non-annuity investments such as life insurance and mutual funds will be held in a trust or custodial account.

12. FEDERAL FINANCIAL ASSISTANCE

On February 18, 1987, the Village of Forest Hill, Louisiana entered into an agreement with the Division of Administration, State of Louisiana for a \$285,000 Community Development Block Grant for fire protection improvements. As of the date of this report, no monies had been received or expended under this CDBG program.

VILLAGE OF FOREST HILL, LOUISIANA
 JUNE 30, 1997

NOTES TO FINANCIAL STATEMENTS

13. LEGAL COMPLIANCE

The following possible violations of state statutes occurred during the two years in the period ended June 30, 1997:

- (1) Actual beginning fund balance failed to meet estimated beginning fund balance by the five percent (5%) or more and fund balance is being used to fund current year expenditures.

	ESTIMATED BEGINNING FUND BALANCE	ACTUAL BEGINNING FUND BALANCE	DIFFERENCE (UNFAVORABLE)
Year ended June 30, 1996 -			
General Fund	\$ 79,878	\$87,138	\$12,560
Special Revenue Fund- Fire Department Fund	100,382	723	(99,479)
Year ended June 30, 1997 -			
General Fund	89,721	43,878	(44,251)

ADDITIONAL INFORMATION

FINANCIAL STATEMENTS OF INDIVIDUAL PARTS
AND ACCOUNT GROUP

GENERAL FUND

This fund is maintained to account for revenues and expenditures associated with general government activities which are not required to be accounted for in another fund.

VILLAGE OF PINEHILL, LOUISIANA
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1997

SCHEDULE P-1

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes			
Ad valorem	\$ 4,188	\$ 4,126	\$ (62)
Utility franchise	22,548	22,479	(69)
Licenses and permits	28,604	28,771	167
Intergovernmental			
Sales tax	21,988	21,310	(678)
Garbage sales tax	18,693	18,832	139
Police supplemental pay	-0-	3,334	3,334
Tobacco tax	2,204	2,284	80
Fees	18,808	27,581	8,773
Miscellaneous revenue			
Interest	1,880	631	(1,249)
Other revenue	<u>2,882</u>	<u>38,584</u>	<u>35,702</u>
Total Revenues	83,452	147,949	64,497
EXPENDITURES			
CURRENT			
General Government			
Salaries and payroll taxes	63,383	63,295	88
Retirement	1,988	1,894	94
Office expense	5,632	6,581	(949)
Membership dues	315	488	(173)
Insurance	29,800	28,144	1,656
Legal and other professional	4,500	8,945	(4,445)
Utilities	13,500	12,523	977
Public safety	4,800	8,438	(3,638)
Highways, streets, and sanitation	34,827	38,527	(3,700)
Capital outlay	<u>23,882</u>	<u>23,842</u>	<u>40</u>
Total Expenditures	222,227	228,622	(6,395)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	188,514	(80,673)	36,141
OTHER FINANCING SOURCES			
Operating transfers in	<u>33,808</u>	<u>33,828</u>	<u>(20)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(83,514)	(46,845)	36,141
FUND BALANCE, BEGINNING OF YEAR	<u>88,321</u>	<u>43,478</u>	<u>44,843</u>
FUND BALANCE, END OF YEAR	4,287	1,633	2,654

See independent auditor's Report.

VILLAGE OF FOREST HILL, LOUISIANA
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1996

REVENUES	BUDGET	ACTUAL	EXCESS (DEFICIENCY)
			VARIABLE FAVORABLE (UNFAVORABLE)
Taxes			
Ad valorem	\$ 3,515	\$ 3,485	\$ 30
Utility franchise	18,025	17,944	1,809
Licenses and permits	14,900	22,424	7,524
Intergovernmental			
Sales tax	29,300	27,850	1,450
Garbage sales tax	22,000	11,987	887
Tobacco tax	1,400	2,205	805
Police supplemental pay	-0-	2,200	2,200
Fines	12,400	27,100	14,700
Miscellaneous revenue			
Incarnes	2,800	824	11,976
Other revenue	10,420	8,173	2,247
Total Revenues	<u>84,360</u>	<u>114,343</u>	<u>30,003</u>
EXPENDITURES			
Current			
General Government			
Salaries and payroll taxes	57,813	66,474	1,223
Retirement	8,000	1,382	3,400
Office expense	16,140	6,004	6,040
Membership dues	300	300	10
Insurance	24,000	22,292	2,708
Legal and other professional	2,000	6,755	287
Utilities	6,440	12,440	5,820
Public safety	7,125	8,883	1,758
Highways, streets, and sanitation	42,200	28,660	4,335
Capital outlay	25,000	21,120	3,880
Total Expenditures	<u>189,028</u>	<u>181,881</u>	<u>7,147</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(110,000)	(66,600)	65,425
OTHER FINANCING SOURCES			
Operating transfers in	<u>35,000</u>	<u>40,000</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(75,000)	(26,600)	55,425
FUND BALANCE, BEGINNING OF YEAR	10,000	41,120	112,500
FUND BALANCE, END OF YEAR	\$ 3,500	\$ 14,520	\$ 42,925

See independent auditor's report.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

FIRE DEPARTMENT FUND

This fund is used to account for operations of the fire department. Financing is provided primarily by the municipal fire insurance rebate and donations from the public.

VILLAGE OF FOREST HILL, LOUISIANA
 SPECIAL REVENUE FUND
 FIRE DEPARTMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1997

EXHIBIT 4-1

VARIANCE
 FAVORABLE
 UNFAVORABLE

	<u>BUDGET</u>	<u>ACTUAL</u>	
REVENUES			
Intergovernmental Revenue			
Entitlements from Rapides Parish			
Government	\$12,428	\$12,112	\$3,477
State of Louisiana	13,068	13,828	-80
Total Revenue	25,496	25,940	3,477
EXPENDITURES			
Public safety	9,243	9,818	(575)
Capital outlay	17,257	17,222	-35
Total expenditures	26,500	27,040	(540)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,004)	2,248	3,738
FUND BALANCE, BEGINNING OF YEAR	1,328	1,328	-000
<u>FUND BALANCE, END OF YEAR</u>	<u>\$3,188</u>	<u>\$3,608</u>	<u>\$3,618</u>

See independent auditor's report.

VILLAGE OF FOREST HILL, LOUISIANA
 SPECIAL REVENUE FUND
 FIRE DEPARTMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1994

EXHIBIT 8-2

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Intergovernmental revenues			
Collections from Rapides Parish government	\$ 9,500	\$ 18,831	\$ 9,331
State of Louisiana	—0—	23,888	23,888
Total Revenues	<u>9,500</u>	<u>42,719</u>	<u>33,219</u>
EXPENDITURES			
Public safety	15,500	15,243	257
Capital outlay	<u>28,000</u>	<u>28,000</u>	<u>—0—</u>
Total Expenditures	<u>43,500</u>	<u>43,243</u>	<u>257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,000)	(10,524)	4,476
OTHER FINANCING SOURCES			
Operating transfers in	—0—	21,888	21,888
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(15,000)	1,364	16,364
FUND BALANCE, BEGINNING OF YEAR	188,282	—322	188,604
FUND BALANCE, END OF YEAR	<u>\$ 173,282</u>	<u>\$ 2,042</u>	<u>\$ 171,240</u>

See Independent auditor's report.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Individual funds are maintained for the Gas, Water, and Sewer System to account for the provision of gas, water, and sewer services to the residents of the Village and some adjacent areas. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Neither a combining statement of revenues, expenses, and changes in retained earnings nor a combining statement of net flows are presented. Such statements would not show any greater detail than the combined statements. (Exhibits D and E, respectively).

VILLAGE OF FOREST HILL, LOUISIANA
 HYDROELECTRIC FUND
 COMBINED BALANCE SHEET
 JUNE 30, 1997

EXHIBIT B

	1997 STATE FUND	1996 STATE FUND	1995 STATE FUND	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and bank equivalents	\$ 40,845	\$ 35,430	\$ 57,893	\$ 134,168
Investments at cost	25,091	254,313		279,404
Receivables				
Accounts	14,744	14,473	810	29,147
Interest	50			50
Due from gas fund			117,543	117,543
Due from sewer fund		144,883		144,883
Due from water fund	12,352			12,352
Total Current Assets	92,982	494,616	176,246	763,844
RESTRICTED ASSETS				
Cash			400	400
Investments	12,352	17,310		29,662
Total Restricted Assets	12,352	17,310	400	29,662
PROPERTY, PLANT, AND EQUIPMENT				
PROPERTY, PLANT, and equipment	400,000	510,000	795,000	1,705,000
Accumulated Depreciation	(178,000)	(408,320)	(144,320)	(730,640)
Construction in progress		3,458		3,458
NET PROPERTY, Plant, and Equipment	222,000	104,680	650,680	1,477,360
TOTAL ASSETS	\$ 127,634	\$1,626,712	\$ 827,366	\$2,581,712
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
(PAYABLE FROM CURRENT ASSETS)				
Accounts payable	\$	\$	\$ 3,344	\$ 3,344
Due to water fund			144,883	144,883
Due to sewer fund	117,543			117,543
Due to gas fund		12,352		12,352
Total Current Liabilities	117,543	12,352	176,227	302,122
CURRENT LIABILITIES				
(PAYABLE FROM RESTRICTED ASSETS)				
Customer meter deposits	12,352	17,310	400	29,662
Total Liabilities	130,895	29,662	176,627	332,149
EQUITY				
Contributed capital	117,544	174,471	150,000	442,015
Retained earnings				
UNAPPORTIONED	12,352	850,177	1,128,439	2,100,968
Total Equity	130,896	1,024,648	1,278,439	2,434,023
TOTAL LIABILITIES AND EQUITY	\$ 127,634	\$1,626,712	\$ 827,366	\$2,581,712

See independent auditor's report.

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Retiree compensation fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

VILLAGE OF FOREST HILL, LOUISIANA
 DEFERRED COMPENSATION AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEARS ENDED JUNE 30, 1997 AND JUNE 30, 1998

EXHIBIT 3

	BALANCE 7/31/97	ADDITIONS	DELETIONS	BALANCE 6/30/98
ASSETS				
Investments	\$0.00	\$9,442	\$0.00	\$9,442
LIABILITIES				
Deferred compensation benefits payable	\$0.00	\$9,442	\$0.00	\$9,442
	BALANCE 7/31/98	ADDITIONS	DELETIONS	BALANCE 6/30/99
ASSETS				
Investments	\$9,442	\$9,442	\$0.00	\$18,884
LIABILITIES				
Deferred compensation benefits payable	\$9,442	\$9,442	\$0.00	\$18,884

See independent auditor's report.

GENERAL FIXED ASSET ACCOUNT GROUP

This account group is used to account for fixed assets not used in proprietary fund operations.

VILLAGE OF FOREST HILL, LOUISIANA
 STATEMENT OF GENERAL FIXED ASSETS
 JUNE 30, 1971

EXHIBIT 3-1

GENERAL FIXED ASSETS	
City Hall	\$ 82,143
Fire station	86,792
Storage buildings	27,927
Hall park improvements	18,313
Automobiles	82,888
Fire trucks	182,812
Other equipment	28,472
TOTAL GENERAL FIXED ASSETS	\$489,347
DEVELOPMENTS IN GENERAL FIXED ASSETS	
Required prior to July 1, 1971	\$ 14,518
Required subsequent to June 30, 1971	
Federal Revenue Sharing grants	36,048
State Revenue Sharing grants	33,519
General fund revenues	79,843
Fire Department revenues	33,866
Contributions from the Utility System	122,818
TOTAL DEVELOPMENTS IN GENERAL FIXED ASSETS	\$420,702

See independent auditor's report.

WILLIAMS OF GREAT BRITAIN, LTD.
STATEMENT OF CHANGES IN GENERAL INVESTMENT
THRU APRIL 30, 1957 AND 1958

EXHIBIT B-1

	1958 BALANCE	ACQUISITIONS	RELIQUISHED	4/30/58 BALANCE	1957 BALANCE	4/30/57 BALANCE
GENERAL INVESTMENT						
CFR 881	\$ 12,000	\$ 747	\$ —	\$ 12,747	\$ 9,000	\$ 9,000
TRC 404	12,000	—	—	12,000	17,000	29,000
TRC 405	8,000	61,000	—	69,000	61,000	61,000
TRC 406	18,000	—	(100)	17,900	18,000	18,000
TRC 407	10,000	—	—	10,000	10,000	10,000
TRC 408	10,000	—	—	10,000	10,000	10,000
TRC 409	10,000	—	—	10,000	—	—
TOTAL GENERAL INVESTMENT	\$107,000	\$71,747	\$100	\$178,747	\$107,000	\$107,000
INVESTMENTS IN GENERAL INVESTMENT						
INVESTMENTS IN GENERAL INVESTMENT acquired prior to July 1, 1953	\$ 12,000	\$ —	\$ —	\$ 12,000	\$ —	\$ 12,000
acquired subsequent to June 30, 1953	—	—	—	—	—	—
TRC 404	12,000	12,000	—	24,000	12,000	12,000
TRC 405	8,000	—	—	8,000	—	—
TRC 406	20,000	—	—	20,000	—	—
TRC 407	20,000	—	—	20,000	—	—
TRC 408	10,000	—	—	10,000	—	—
TRC 409	10,000	—	—	10,000	—	—
TOTAL INVESTMENTS IN GENERAL INVESTMENT	\$107,000	\$12,000	\$100	\$118,900	\$12,000	\$12,000

See independent auditor's report.

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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



PRYDE, BENTON & HENDERSON, LLP

GRAND JURISDICTION

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

To the Honorable Marcia Souza, Mayor,
and Members of the Board of Aldermen
Village of Forest Hill, Louisiana

We have audited the general purpose financial statements of the Village of Forest Hill, Louisiana as of June 30, 1997 and for each of the two years in the period ended June 30, 1997, and have issued our report thereon dated August 28, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Forest Hill, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance that are required to be reported under Government Auditing Standards:

USE OF PUBLIC ASSETS FOR PRIVATE PURPOSES

Article VII, Section 14 of the Louisiana Constitution prohibits use of public assets for private purposes. During the two year period ended June 30, 1997, the Village allowed private property using Village equipment at no charge.

We recommend that Village equipment be used for public purposes only in accordance with the Louisiana Constitution. The village should continue to bill customers for grass cutting services performed by the Village.

PRYDE, BENTON & HENDERSON, LLP
1000 Lakeside Drive, Suite 1000
New Orleans, Louisiana 70112





FAYNE, MOORE & HERRINGTON, LLP

To the Honorable Marcia Touss, Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

MANAGEMENT'S RESPONSE

The village has discontinued this practice and now bills all property owners for street lighting services.

UNCOVERED DEFICIT FUND BALANCE

LSA - R.S. 28:1288 and 28:1218 state that when actual beginning fund balance within a fund fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures, a budget amendment shall be adopted. For the year ended June 30, 1998, the Village's special revenue fire department fund's fund balance failed to meet estimated fund balance by 88 percent due to an error in calculating estimated beginning fund balance by including a prior year fire truck purchase as a component of fund balance. Also, for the years ended June 30, 1996 and June 30, 1997, the Village's general fund's beginning fund balance failed to meet estimated beginning fund balance by 34 percent and 49 percent, respectively, due to an error in closing out operating transfers at year end. No budget amendments were made to correct these errors.

We recommend that when there has been a change in operations upon which the original adopted budget was developed, a budget amendment be adopted as provided by Louisiana law.

MANAGEMENT'S RESPONSE

In the future, management will closely monitor the budget and adopt changes consistent with the requirements of state law.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Forest Hill, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Forest Hill, Louisiana's ability to record, process, summarize,



PAYNE, MOORE & HINCKLEY, LLP

To the Honorable Karola Young, Mayor
and the Members of the Board of Aldermen
Village of French Hill, Louisiana

and report financial data consistent with the assertions of management in the financial statements. The reportable condition noted is as follows.

BOARD APPROVAL OF NEW BANK ACCOUNTS

During the fiscal year ended June 30, 1997, a new bank account for the Louisiana Community Development Block Grant program was opened without formal board approval in the month.

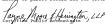
We recommend that the Board approve the opening and closing of all bank accounts as good control procedures.

MANAGEMENT'S RESPONSE

In the future, board approval will be necessary to open any new bank account or to close an existing account.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of management, the Mayor, and the Board of Aldermen of the Village of French Hill, Louisiana. However, this report is a matter of public record and its distribution is not limited.


Payne, Moore & Hinckley, LLP
Chartered Public Accountants

Report 28, 1997

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS:



FAYNE, MOORE & HARRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Martin Young, Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

In planning and performing our audit of the general purpose financial statements for each of the two years in the period ended June 30, 1997, we considered the Village's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated August 28, 1997, contains our report on reportable conditions in the Village's internal controls. This letter does not affect our report dated August 28, 1997, on the general purpose financial statements of the Village of Forest Hill, Louisiana.

We will review the status of these comments and recommendations during our next audit engagement. We have already discussed these items with management personnel, and we will be pleased to discuss them with you in detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Layne Moore & Harrington
Certified Public Accountants

August 26, 1997

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BOARD APPROVAL OF ACTUAL EXPENDITURES

On December 4, 1996, the Board approved paying a \$200 per month retainer fee to the Village attorney; however, the Village actually paid \$298 per month as retainer fee to the attorney during the two year period ended June 30, 1997.

On March 4, 1998, the Board approved paying \$1,811 in clean up costs of the Village's portion of property commonly known as the Shady Brook property; however, the Village actually paid \$3,283 in clean up costs of the Shady Brook property during the year ended June 30, 1997.

We recommend that any changes in Board approved expenditures also be approved by Board.

RETAINING VOIDED CHECKS

For the two years ended June 30, 1997, the Village did not retain voided checks.

We recommend that voided checks be properly mutilated and retained for adequate supporting documentation.