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Village of Forest Hill

Forest Hill, Louisiana

June 30, 1996

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Release Date FEB 19 1997

Payne, Moore & Herrington, LLP
Certified Public Accountants
Alexandria, Louisiana



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable
Christopher Bollich, Acting Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by, the management of Village of Forest Hill, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Forest Hill, Louisiana's compliance with certain laws and regulations during the fiscal year ended June 30, 1996, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Three expenditures were made during the year for materials and supplies exceeding \$5,000 and two expenditures were made for public works exceeding \$50,000. We examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

L. PAUL HOOD, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

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To the Honorable
Christopher Bollich, Acting Mayor
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Village of Forest Hill, Louisiana

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure (3)) appeared on the list provided by management in agreed-upon procedure (2).

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were two amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minutes book.

We traced the adoption of the original budget to the minutes of a meeting held on June 5, 1995, which indicated that the budget had been adopted by the aldermen of the Village of Forest Hill, Louisiana. There were two amendments to the budget.



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To the Honorable
Christopher Bollich, Acting Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

ACCOUNTING AND REPORTING

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six randomly selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments were approved by the proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the proper authorities.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minutes book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).



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To the Honorable
Christopher Bollich, Acting Mayor
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Village of Forest Hill, Louisiana

The Village of Forest Hill, Louisiana, is required to post the notice of each meeting in the official journal of the Village. We examined the affidavit of publication from the official journal for all months except for July, 1995. An affidavit of publication could not be found for July, 1995.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



PAYNE, MOORE & HERRINGTON, LLP

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To the Honorable
Christopher Bollich, Acting Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

This report is intended solely for the use of the management of Village of Forest Hill, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Payne, Moore & Herrington, LLP
Certified Public Accountants

August 22, 1996

VILLAGE OF FOREST HILL

JUNE 30, 1996

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANT'S REPORT

To the Honorable Christopher Bollich, Acting Mayor
and the Members of the Board of Aldermen
Village of Forest Hill, Louisiana

We have compiled the accompanying general purpose financial statements and the combining, individual fund and account group financial statements of Village of Forest Hill, Louisiana (a municipality) as of June 30, 1996, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Payne Moore & Herrington, LLP
Certified Public Accountants

August 22, 1996

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VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUP
 JUNE 30, 1996

EXHIBIT A

	GOVERNMENTAL FUND TYPES		PROPRIETARY	FIDUCIARY	ACCOUNT	TOTALS
	GENERAL	SPECIAL REVENUE	FUND TYPE ENTERPRISE	FUND TYPE AGENCY	GROUP GENERAL FIXED ASSETS	(MEMORANDUM ONLY)
ASSETS						
Cash	\$43,616	\$2,349	\$ 131,037	\$ 6,442	\$	\$ 177,002
Investments at cost			280,389			286,831
Receivables						
Accounts			23,481			23,481
Interest			65			65
Intergovernmental	551					551
Miscellaneous	3,308		20			3,328
Due from other funds	10,684		227,061			237,745
Restricted assets			29,159			29,159
Property, plant and equipment			2,113,317		327,194	2,440,511
Accumulated depreciation			(665,601)			(665,601)
TOTAL ASSETS	\$58,159	\$2,349	\$2,138,928	\$6,442	\$327,194	\$2,533,072
LIABILITIES AND EQUITY						
LIABILITIES						
Accounts payable	\$ 2,006	\$ 38	\$ 19	\$	\$	\$ 2,063
Due to other funds			237,745	6,442		237,745
Deferred compensation benefits						6,442
Payable from restricted assets						
Customer meter deposits			29,159			29,159
Total Liabilities	<u>2,006</u>	<u>38</u>	<u>266,923</u>	<u>6,442</u>	<u>-0-</u>	<u>275,409</u>
EQUITY						
Investment in general fixed assets					327,194	327,194
Contributed capital			1,041,916			1,041,916
Retained earnings			830,089			830,089
Unreserved						
Fund Balance	56,153	2,311				58,464
Unreserved - undesignated	56,153	2,311				58,464
Total Equity	<u>56,153</u>	<u>2,311</u>	<u>1,872,005</u>	<u>-0-</u>	<u>327,194</u>	<u>2,257,663</u>
TOTAL LIABILITIES AND EQUITY	\$58,159	\$2,349	\$2,138,928	\$6,442	\$327,194	\$2,533,072

See accompanying notes and accountant's report.

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1996

EXHIBIT B

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Taxes	\$ 15,609	\$	\$ 15,609
Licenses and permits	22,424		22,424
Intergovernmental	36,082	25,831	61,913
Fines	27,108		27,108
Interest	824		824
Miscellaneous	<u>9,173</u>		<u>9,173</u>
Total Revenues	111,220	<u>25,831</u>	137,051
EXPENDITURES			
Current			
General government	112,713		112,713
Public safety	5,773	15,243	21,016
Highways, streets, and sanitation	38,065		38,065
Capital outlay	<u>21,330</u>	<u>30,000</u>	<u>51,330</u>
Total Expenditures	<u>177,881</u>	<u>45,243</u>	<u>223,124</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(66,661)	(19,412)	(86,073)
OTHER FINANCING SOURCES			
Operating transfers in	<u>45,000</u>	<u>21,000</u>	<u>66,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(21,661)	1,588	(20,073)
FUND BALANCE, BEGINNING OF YEAR	<u>77,814</u>	<u>723</u>	<u>78,537</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 56,153</u>	<u>\$ 2,311</u>	<u>\$ 58,464</u>

See accompanying notes and accountant's report.

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 1996

EXHIBIT C

	GOVERNMENTAL FUND TYPES			SPECIAL REVENUE FUND	VARIANCE FAVORABLE (UNFAVORABLE)
	GENERAL FUND	BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 13,540	\$ 15,609	\$ 2,069	\$	\$
Licenses and permits	14,900	22,424	7,524		
Intergovernmental	32,900	36,082	3,182	9,500	25,831
Fines	13,400	27,108	13,708		16,331
Interest	2,000	824	(1,176)		
Miscellaneous	10,020	9,173	(847)		
Total Revenues	<u>86,760</u>	<u>111,220</u>	<u>24,460</u>	<u>9,500</u>	<u>25,831</u>
					<u>16,331</u>
EXPENDITURES					
Current					
General government	114,528	112,713	1,815	15,300	15,243
Public safety	7,127	5,773	1,354		57
Highways, streets, and sanitation	42,200	38,065	4,135		
Capital outlay	35,000	21,330	13,670	30,000	30,000
Total Expenditures	<u>198,855</u>	<u>177,881</u>	<u>20,974</u>	<u>45,300</u>	<u>45,243</u>
					<u>-0-</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(112,095)	(66,661)	45,434	(35,800)	(19,412)
OTHER FINANCING SOURCES					
Operating transfers in	<u>35,000</u>	<u>45,000</u>	<u>10,000</u>	<u>-0-</u>	<u>21,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(77,095)	(21,661)	55,434	(35,800)	1,588
FUND BALANCE, BEGINNING OF YEAR	<u>77,814</u>	<u>77,814</u>	<u>-0-</u>	<u>723</u>	<u>723</u>
FUND BALANCE, END OF YEAR	<u>\$ 719</u>	<u>\$ 56,153</u>	<u>\$55,434</u>	<u>\$(35,077)</u>	<u>\$ 2,311</u>
					<u>\$37,388</u>

See accompanying notes and accountant's report.

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 1996

EXHIBIT D

	ENTERPRISE FUNDS			
	GAS SYSTEM FUND	WATER SYSTEM FUND	SEWER SYSTEM FUND	TOTAL (MEMORANDUM ONLY)
OPERATING REVENUES				
Charges for services - sales	\$165,050	\$143,841	\$ 9,595	\$318,486
Miscellaneous income	<u>62</u>	<u>273</u>	<u> </u>	<u>335</u>
Total Operating Revenues	165,112	144,114	9,595	318,821
OPERATING EXPENSES				
Gas purchased for resale	97,258			97,258
Salaries and payroll taxes	39,523	44,749		84,272
Office supplies and expense	1,938	35,748		37,686
Legal and other professional	6,120	6,120		12,240
System repairs, maintenance, and connections	22,506		15,670	38,176
Utilities		15,974		15,974
Insurance	6,143	6,072	156	12,371
Depreciation	<u>13,795</u>	<u>27,219</u>	<u>19,143</u>	<u>60,157</u>
Total Operating Expenses	<u>187,283</u>	<u>135,882</u>	<u>34,969</u>	<u>358,134</u>
OPERATING INCOME (LOSS)	(22,171)	8,232	(25,374)	(39,313)
NONOPERATING INCOME				
Disposition of property, plant and equipment	4,389	4,390		8,779
Interest income	<u>4,364</u>	<u>19,391</u>	<u>83</u>	<u>23,838</u>
Total Nonoperating Income	<u>8,753</u>	<u>23,781</u>	<u>83</u>	<u>32,617</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(13,418)	32,013	(25,291)	(6,696)
OPERATING TRANSFERS IN (OUT)	<u>(20,500)</u>	<u>(45,500)</u>	<u> </u>	<u>(66,000)</u>
NET LOSS	(33,918)	(13,487)	(25,291)	(72,696)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	<u>177,172</u>	<u>813,733</u>	<u>(88,120)</u>	<u>902,785</u>
RETAINED EARNINGS (DEFICIT), <u>END OF YEAR</u>	<u>\$143,254</u>	<u>\$800,246</u>	<u>\$(113,411)</u>	<u>\$830,089</u>

See accompanying notes and accountant's report.

VILLAGE OF FOREST HILL, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 1996

EXHIBIT E

	ENTERPRISE FUNDS				TOTALS (MEMORANDUM ONLY)
	GAS SYSTEM FUND	WATER SYSTEM FUND	SEWER SYSTEM FUND		
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (22,171)	\$ 8,232	\$ (25,374)		\$ (39,313)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	13,795	27,219	19,143		60,157
Changes in assets and liabilities					
Accounts receivable	1,675	160	29		1,864
Other receivables	61	6			67
Due from other funds	(281)	(20,125)	(59,240)		(79,646)
Due to other funds	54,179		20,125		74,304
Customer meter deposits - net	(50)	788	120		858
Net Cash Provided (Used) by Operating Activities	47,208	16,280	(45,197)		18,291
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers out	(20,500)	(45,500)			(66,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant and equipment	(110,901)	(118,689)	(5,705)		(235,295)
Proceeds from sale of equipment	4,390	4,390			8,780
Government subsidy - capital grant	71,000	71,000			142,000
General public subsidy	6,150	6,150			12,300
Net Cash Used by Capital and Related Financing Activities	(29,361)	(37,149)	(5,705)		(72,215)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturity of investments	5,349	262,822			268,171
Purchase of investments	(24,787)	(271,822)			(296,609)
Interest received on operating funds	4,364	19,391	83		23,838
Net Cash Used in Investing Activities	(15,074)	10,391	83		(4,600)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,727)	(55,978)	(50,819)		(124,524)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	74,377	93,050	88,504		255,931
CASH AND EQUIVALENTS, END OF YEAR	\$ 56,650	\$ 37,072	\$ 37,685		\$ 131,407
CLASSIFIED AS					
Current Assets	56,650	37,072	37,315		131,037
Restricted Assets			370		370
TOTAL	\$ 56,650	\$ 37,072	\$ 37,685		\$ 131,407

See accompanying notes and accountant's report.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Forest Hill was incorporated in 1929, under the provisions of the Lawrason 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 more significant of the Village's accounting policies are described below.

A. The Financial Reporting Entity

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

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. The basic criteria for including a potential component unit within the reporting entity is whether the primary government is financially accountable for the potential unit. A primary government is financially accountable if it appoints a voting majority of the organization's governing body and either (1) is able to impose its will on that organization or (2) there is a potential for the organization to the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing body, a governing board appointed by a higher level government, or a jointly appointed board. An entity is fiscally dependent if it does not have the authority to do all of the following procedures:

- a. Determine its budget without another government's having the authority to approve and modify that budget.
- b. Levy taxes or set rates or charges without approval by 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.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

B. 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 are classified into two categories: governmental and proprietary. 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 earmarked 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 can 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.

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

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government 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 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.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

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 revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Village has not recorded a liability for compensated absences since the amount is immaterial to the financial statements at the balance sheet date.

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.

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

D. 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 consistent with generally accepted accounting principles (GAAP). The level of control is on an individual fund basis.

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

E. Cash and Investments

Cash includes amounts on hand, in demand deposits, and in savings accounts. 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 certificates of deposit and investment with the Louisiana Asset Management Pool (LAMP).

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

F. Inventories

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

G. Restricted Assets

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

H. 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.

I. Fund Equity

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

J. Bad Debts

Bad debts arising from customers' utility receivables are recognized by the allowance method, whereby uncollectible accounts are estimated and charged against revenue on an annual basis. Other receivables are recognized as bad debts as they are considered uncollectible by the Village officials. At June 30, 1996, all accounts are considered collectible by the Village.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

K. Memorandum Only-Total Columns

Total columns on the general purpose financial statements are captioned "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.

L. Retained earnings (deficit)

The Sewer System Fund has an accumulated deficit in retained earnings as of June 30, 1996, in the amount of \$113,411. The deficit is the direct result of accumulated depreciation of \$123,823 computed on assets acquired with contributed capital. Combining contributed capital with the deficit in unreserved retained earnings results in a fund equity balance of \$636,589.

2. 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, 1996, taxes of 5.07 mills were levied on property with assessed valuations totaling \$776,604 and were dedicated for general alimony purposes.

Total taxes levied were \$3,937.

Two taxpayers accounted for \$756 or 19.2% of ad valorem taxes levied.

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

3. DUE FROM/TO OTHER FUNDS

Amounts due from and to other funds at June 30, 1996, consist of the following:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 10,684	\$
Enterprise Funds		
Gas System Fund		98,706
Water System Fund	128,355	
Sewer System Fund	<u>98,706</u>	<u>139,039</u>
	<u>\$237,745</u>	<u>\$237,745</u>

4. CASH AND INVESTMENTS

Cash and investments at June 30, 1996 are shown below:

CASH

GENERAL FUND

Cash on hand	\$ 550
Cash in bank	<u>43,068</u>
	\$43,616

SPECIAL REVENUE FUND

Cash in bank, Fire department	\$ 2,349
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ENTERPRISE FUNDS

	<u>GAS SYSTEM FUND</u>	<u>WATER SYSTEM FUND</u>	<u>SEWER SYSTEM FUND</u>	<u>TOTAL</u>
Cash in bank	\$56,651	\$ 37,072	\$37,685	\$131,408

INVESTMENTS

Certificates of deposit	\$18,979	\$271,822	\$ -0-	\$290,801
Investment with Louisiana				
Asset Management Pool	<u>18,377</u>	<u> </u>	<u> </u>	<u>18,377</u>
	37,356	271,822	-0-	309,178
Less: Amount classified				
as restricted assets	<u>12,275</u>	<u>16,514</u>	<u> </u>	<u>28,789</u>
	\$25,081	\$255,308	\$ -0-	\$280,389

The Village's deposits at year-end were entirely covered by federal depository insurance, or by collateral held by the Village or its agent in the Village's name.

**VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996**

NOTES TO FINANCIAL STATEMENTS

Investments - The Village may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, and investment as stipulated in LSA-RS 33:2955, or any other federally insured investment.

The market value of investments at June 30, 1996 was \$309,178.

5. RESTRICTED ASSETS

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

	<u>CASH</u>	<u>INVESTMENTS</u>	<u>TOTAL</u>
Gas system	\$	\$12,275	\$12,275
Water system		16,514	16,514
Sewer system	<u>370</u>		<u>370</u>
	\$370	<u>\$28,789</u>	<u>\$29,159</u>

6. CHANGES IN GENERAL AND PROPRIETARY FUND TYPE FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>7/1/95</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>6/30/96</u>
City Hall	\$ 35,532	\$	\$ 767	\$ 34,765
Fire station	12,335			12,335
Storage buildings	6,962	20,563		27,525
Ball park improvements	18,113			18,113
Automobiles	37,883		500	37,383
Fire trucks	152,012	30,000		182,012
Other equipment	<u>15,061</u>			<u>15,061</u>
	\$277,898	<u>\$50,563</u>	<u>\$1,267</u>	<u>\$327,194</u>

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

A summary of proprietary fund type property, plant, and equipment at June 30, 1996, follows:

	<u>GAS SYSTEM</u>	<u>WATER SYSTEM</u>	<u>SEWER SYSTEM</u>	<u>TOTAL</u>
COST				
Structures above ground	\$103,820	\$	\$	\$ 103,820
Structures below ground	297,800			297,800
Purification plants, lines, and meters		612,378	672,204	1,284,582
Wells and storage tanks		233,550		233,550
Transmission main		30,000		30,000
Vehicles and equipment	29,788	29,426	6,105	65,319
Trailer		1,600		1,600
Computer	2,594	2,594		5,188
Pumps	848	1,176	34,300	36,324
Fences			20,850	20,850
Land		<u>5,145</u>	<u>29,139</u>	<u>34,284</u>
Less:	434,850	915,869	762,598	2,113,317
ACCUMULATED DEPRECIATION	<u>164,846</u>	<u>376,932</u>	<u>123,823</u>	<u>665,601</u>
NET PROPERTY, PLANT AND EQUIPMENT	\$270,004	\$538,937	\$638,775	\$1,447,716

Depreciation on these assets has been provided using the straight-line method based on the estimated useful lives of the assets. Current year depreciation totaled \$13,795, \$27,219, and \$19,143, for the 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
Equipment, computer	5 years
Water system	
Water system	50 years
Well	20 years
Transmission main, trailer	10 years
Pump, equipment	5 years
Sewer system	
Sewer system	50 years
Pumps	10 years
Fences	10 years

VILLAGE OF FOREST HILL, LOUISIANA
JUNE 30, 1996

NOTES TO FINANCIAL STATEMENTS

7. DEDICATION OF PROCEEDS - FIRE INSURANCE REBATE FROM
RAPIDES PARISH, LOUISIANA

Proceeds of the two percent (2%) fire insurance rebate from Rapides Parish, Louisiana, are dedicated to constructing and purchasing fire department stations, equipment, and supplies.

8. 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 employees 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 account for each participant.

9. COMPENSATION PAID TO MEMBERS OF BOARD OF ALDERMAN

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to members of the Board of Alderman for the fiscal year ended June 30, 1996.

Mike Polakovich	\$2,400
Anna Cloud	2,400
Earl Linzay	2,400

10. RESIGNATION OF ELECTED MAYOR

Effective June 28, 1996, elected Mayor Woodson McGuffee resigned from office. An acting mayor has been appointed and will stay in office until a new mayor is elected in the November, 1996 elections.

11. LEGAL COMPLIANCE

The following possible violation of state statutes occurred during the fiscal year:

- (1) The Village budgeted a deficit in the Fire Department Fund, Special Revenue Fund.

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUP**

GENERAL FUND

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

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

EXHIBIT F

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes			
Ad valorem	\$ 3,515	\$ 3,665	\$ 150
Utility franchise	10,025	11,944	1,919
Licenses and permits	14,900	22,424	7,524
Intergovernmental			
Sales tax	20,300	21,910	1,610
Garbage sales tax	11,000	11,967	967
Tobacco tax	1,600	2,205	605
Fines	13,400	27,108	13,708
Miscellaneous revenue			
Interest	2,000	824	(1,176)
Other revenue	10,020	9,173	(847)
Total Revenues	<u>86,760</u>	<u>111,220</u>	<u>24,460</u>
EXPENDITURES			
Current			
General Government			
Salaries and payroll taxes	57,913	56,676	1,237
Retirement	5,000	1,392	3,608
Office expense	10,145	6,096	4,049
Membership dues	365	355	10
Insurance	24,460	27,992	(3,532)
Legal and other professional	7,000	6,733	267
Utilities	9,645	13,469	(3,824)
Public safety	7,127	5,773	1,354
Highways, streets and sanitation	42,200	38,065	4,135
Capital outlay	35,000	21,330	13,670
Total Expenditures	<u>198,855</u>	<u>177,881</u>	<u>20,974</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(112,095)	(66,661)	45,434
OTHER FINANCING SOURCES			
Operating transfers in	<u>35,000</u>	<u>45,000</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(77,095)	(21,661)	55,434
FUND BALANCE, BEGINNING OF YEAR	<u>77,814</u>	<u>77,814</u>	<u>-0-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 719</u>	<u>\$ 56,153</u>	<u>\$55,434</u>

See accompanying notes and accountant'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, 1996

EXHIBIT G

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Intergovernmental revenue			
Entitlements from Rapides Parish government	\$ 9,500	\$ 10,831	\$ 1,331
State of Louisiana	<u>-0-</u>	<u>15,000</u>	<u>15,000</u>
Total Revenues	9,500	25,831	16,331
EXPENDITURES			
Public safety	15,300	15,243	57
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-0-</u>
Total Expenditures	<u>45,300</u>	<u>45,243</u>	<u>57</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(35,800)	(19,412)	16,388
OTHER FINANCING SOURCES			
Operating transfers in	<u>-0-</u>	<u>21,000</u>	<u>21,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(35,800)	1,588	37,388
FUND BALANCE, BEGINNING OF YEAR	<u>723</u>	<u>723</u>	<u>-0-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$(35,077)</u>	<u>\$ 2,311</u>	<u>\$37,388</u>

See accompanying notes and accountant'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 cash 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
 ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1996

EXHIBIT H

	<u>GAS SYSTEM FUND</u>	<u>WATER SYSTEM FUND</u>	<u>SEWER SYSTEM FUND</u>	<u>TOTAL</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 56,650	\$ 37,072	\$ 37,315	\$ 131,037
Investments at cost	25,081	255,308		280,389
Receivables				
Accounts	7,386	15,265	830	23,481
Interest	65			65
Miscellaneous	18		2	20
Due from gas fund			98,706	98,706
Due from sewer fund		128,355		128,355
Total Current Assets	<u>89,200</u>	<u>436,000</u>	<u>136,853</u>	<u>662,053</u>
RESTRICTED ASSETS				
Cash			370	370
Investments	12,275	16,514		28,789
Total Restricted Assets	<u>12,275</u>	<u>16,514</u>	<u>370</u>	<u>29,159</u>
PROPERTY, PLANT AND EQUIPMENT				
Property, plant and equipment	434,850	915,869	762,598	2,113,317
Accumulated Depreciation	(164,846)	(376,932)	(123,823)	(665,601)
Net Property, Plant and Equipment	<u>270,004</u>	<u>538,937</u>	<u>638,775</u>	<u>1,447,716</u>
<u>TOTAL ASSETS</u>	<u>\$ 371,479</u>	<u>\$ 991,451</u>	<u>\$ 775,998</u>	<u>\$2,138,928</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
(PAYABLE FROM CURRENT ASSETS)				
Accounts payable	\$	\$ 19	\$	\$ 19
Due to general fund			10,684	10,684
Due to water fund			128,355	128,355
Due to sewer fund	98,706			98,706
Total Current Liabilities	<u>98,706</u>	<u>19</u>	<u>139,039</u>	<u>237,764</u>
CURRENT LIABILITIES				
(PAYABLE FROM RESTRICTED ASSETS)				
Customer meter deposits	12,275	16,514	370	29,159
Total Liabilities	<u>110,981</u>	<u>16,533</u>	<u>139,409</u>	<u>266,923</u>
EQUITY				
Contributed capital	117,244	174,672	750,000	1,041,916
Retained earnings				
Unreserved	143,254	800,246	(113,411)	830,089
Total Equity	<u>260,498</u>	<u>974,918</u>	<u>636,589</u>	<u>1,872,005</u>
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$ 371,479</u>	<u>\$ 991,451</u>	<u>\$ 775,998</u>	<u>\$2,138,928</u>

See accompanying notes and accountant's report

AGENCY FUND

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.

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

DEFERRED COMPENSATION AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 1996

EXHIBIT I

	<u>BALANCE</u> <u>7/1/95</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>6/30/96</u>
ASSETS				
Investments	\$-0-	\$6,442	\$-0-	\$6,442
<u>TOTAL ASSETS</u>	<u>\$-0-</u>	<u>\$6,442</u>	<u>\$-0-</u>	<u>\$6,442</u>
LIABILITIES				
Deferred compensation benefits payable	\$-0-	\$6,442	\$-0-	\$6,442
<u>TOTAL LIABILITIES</u>	<u>\$-0-</u>	<u>\$6,442</u>	<u>\$-0-</u>	<u>\$6,442</u>

See accompanying notes and accountant's report.

GENERAL FIXED ASSETS 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, 1996

EXHIBIT J

GENERAL FIXED ASSETS

City Hall	\$ 34,765
Fire station	12,335
Storage buildings	27,525
Ball park improvements	18,113
Automobiles	37,383
Fire trucks	182,012
Other equipment	<u>15,061</u>

TOTAL GENERAL FIXED ASSETS \$327,194

INVESTMENTS IN GENERAL FIXED ASSETS

Acquired prior to July 1, 1973	\$ 16,330
Acquired subsequent to June 30, 1973	
Federal Revenue Sharing grants	25,046
State Revenue Sharing grants	18,519
General fund revenues	78,421
Fire Department revenues	30,835
Contributions from the Utility System	<u>158,043</u>

TOTAL INVESTMENTS IN GENERAL FIXED ASSETS \$327,194

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

	GENERAL FIXED ASSETS 7/1/95	NET ADDITIONS (DELETIONS)	GENERAL FIXED ASSETS 6/30/96
City Hall	\$ 35,532	\$ (767)	\$ 34,765
Fire station	12,335		12,335
Storage buildings	6,962	20,563	27,525
Ball park improvements	18,113		18,113
Automobiles	37,883	(500)	37,383
Fire trucks	152,012	30,000	182,012
Other equipment	<u>15,061</u>	<u> </u>	<u>15,061</u>
<u>TOTALS</u>	<u>\$277,898</u>	<u>\$49,296</u>	<u>\$327,194</u>

See accompanying notes and accountant's report.