

**VILLAGE OF ESTHERWOOD, LOUISIANA**

Financial Report

Year Ended June 30, 2022



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Donna Bertrand, Mayor  
and Members of the Board of Aldermen  
Village of Estherwood, Louisiana

### Report on the Audit of Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana (the "Village"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Estherwood, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Estherwood, Louisiana’s basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the Village of Estherwood, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village’s internal control over financial reporting and compliance.

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

Abbeville, Louisiana  
December 27, 2022

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## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT - WIDE  
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 150,443	\$ 321,647	\$ 472,090
Receivables, net	17,186	31,518	48,704
Internal balances	278	(278)	-
Due from other governmental agencies	16,999	7,278	24,277
Restricted assets:			
Cash and interest-bearing deposits	-	117,011	117,011
Capital assets:			
Non depreciable	10,479	37,480	47,959
Depreciable, net	<u>311,387</u>	<u>2,015,836</u>	<u>2,327,223</u>
Total assets	<u>506,772</u>	<u>2,530,492</u>	<u>3,037,264</u>
DEFERRED OUTFLOWS OF RESOURCES			
Retirement of sewerage treatment facility	<u>-</u>	<u>76,427</u>	<u>76,427</u>
LIABILITIES			
Accounts and other payables	5,545	44,297	49,842
Customers' deposits	-	40,075	40,075
Long-term liabilities:			
Due within one year	2,778	31,000	33,778
Due in more than one year	1,032	517,000	518,032
Cost of retirement, sewerage treatment facility	<u>-</u>	<u>234,025</u>	<u>234,025</u>
Total liabilities	<u>9,355</u>	<u>866,397</u>	<u>875,752</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	<u>-</u>	<u>196,734</u>	<u>196,734</u>
NET POSITION			
Net investment in capital assets	318,056	1,505,316	1,823,372
Restricted for debt service	-	76,936	76,936
Unrestricted (deficit)	<u>179,361</u>	<u>(38,464)</u>	<u>140,897</u>
Total net position	<u>\$ 497,417</u>	<u>\$ 1,543,788</u>	<u>\$ 2,041,205</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 92,961	\$ 25,351	\$ 19,401	\$ -	\$ (48,209)	\$ -	\$ (48,209)
Public safety	70,865	63,701	-	-	(7,164)	-	(7,164)
Public works	68,079	-	-	-	(68,079)	-	(68,079)
Interest	353	-	-	-	(353)	-	(353)
Total governmental activities	<u>232,258</u>	<u>89,052</u>	<u>19,401</u>	<u>-</u>	<u>(123,805)</u>	<u>-</u>	<u>(123,805)</u>
Business-type activities:							
Water	142,264	185,589	-	34,368	-	77,693	77,693
Sewer	125,341	89,832	-	52,489	-	16,980	16,980
Interest expense	17,051	-	-	-	-	(17,051)	(17,051)
Total business-type activities	<u>284,656</u>	<u>275,421</u>	<u>-</u>	<u>86,857</u>	<u>-</u>	<u>77,622</u>	<u>77,622</u>
Total primary government	<u>\$ 516,914</u>	<u>\$ 364,473</u>	<u>\$ 19,401</u>	<u>\$ 86,857</u>	<u>(123,805)</u>	<u>77,622</u>	<u>(46,183)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					17,017	-	17,017
Sales and use taxes, levied for general purposes					78,212	-	78,212
Franchise taxes					44,801	-	44,801
Grants and contributions not restricted to specific programs -							
State sources					12,014	-	12,014
Interest					14	6	20
Gain on sale of capital assets					6,264	197	6,461
Miscellaneous					28,732	971	29,703
Total general revenues					<u>187,054</u>	<u>1,174</u>	<u>188,228</u>
Change in net position					63,249	78,796	142,045
Net position, beginning					<u>434,168</u>	<u>1,464,992</u>	<u>1,899,160</u>
Net position, ending					<u>\$ 497,417</u>	<u>\$ 1,543,788</u>	<u>\$2,041,205</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

VILLAGE OF ESTHERWOOD, LOUISIANA

Balance Sheet  
Governmental Fund  
June 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 150,443
Receivables:	
Due from other governmental agencies	16,999
Due from other funds	278
Other	<u>17,186</u>
Total assets	<u>\$ 184,906</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 370
Accrued liabilities	<u>5,175</u>
Total liabilities	5,545
Fund balances:	
Unassigned	<u>179,361</u>
Total liabilities and fund balances	<u>\$ 184,906</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2022

Total fund balance for the governmental funds	\$ 179,361
Capital assets, net	321,866
Long-term liabilities:	
Lease payable	<u>(3,810)</u>
Total net position of governmental activities	<u>\$ 497,417</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Governmental Fund  
 Year Ended June 30, 2022

	<u>General Fund</u>
Revenues:	
Taxes	\$ 140,030
Licenses and permits	25,351
Intergovernmental	31,415
Fines	63,701
Interest	14
Miscellaneous	<u>28,732</u>
Total revenues	<u>289,243</u>
Expenditures:	
Current -	
General government	87,309
Public safety	68,485
Public works	49,175
Capital outlay	24,951
Debt service	
Principal paid	2,635
Interest	<u>421</u>
Total expenditures	<u>232,976</u>
Excess of revenues over expenditures	56,267
Other financing sources:	
Proceeds from sale of assets	<u>8,447</u>
Net change in fund balance	64,714
Fund balance, beginning	<u>114,647</u>
Fund balance, ending	<u>\$ 179,361</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
Year Ended June 30, 2022

Net changes in fund balance of governmental funds		\$ 64,714
Capital assets:		
Capital outlay	\$ 24,951	
Depreciation expense	<u>(26,936)</u>	(1,985)
Transactions involving capital assets:		
Proceeds on disposal of assets	(8,447)	
Gain on disposal of assets	<u>6,264</u>	(2,183)
Principal paid on lease		<u>2,703</u>
Change in net position of governmental activities		<u>\$ 63,249</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Net Position  
 Proprietary Funds  
 June 30, 2022

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 262,005	\$ 59,642	\$ 321,647
Receivables -			
Accounts, net	14,427	6,895	21,322
Unbilled utility receivables	6,687	3,509	10,196
Due from other governmental agencies	7,278	-	7,278
Due from other funds	-	4,901	4,901
Total current assets	<u>290,397</u>	<u>74,947</u>	<u>365,344</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	97,346	19,665	117,011
Capital assets -			
Land and construction in progress	-	37,480	37,480
Capital assets, net	<u>1,116,664</u>	<u>899,172</u>	<u>2,015,836</u>
Total noncurrent assets	<u>1,214,010</u>	<u>956,317</u>	<u>2,170,327</u>
Total assets	<u>1,504,407</u>	<u>1,031,264</u>	<u>2,535,671</u>
DEFERRED OUTFLOWS OF RESOURCES			
Retirement of sewerage treatment facility	<u>-</u>	<u>76,427</u>	<u>76,427</u>

(continued)

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Net Position (Continued)

Proprietary Funds

June 30, 2022

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payables	1,966	42,331	44,297
Due to other funds	5,179	-	5,179
Payable from restricted assets -			
Customers' deposits	20,410	19,665	40,075
Revenue bonds payable	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Total current liabilities	<u>58,555</u>	<u>61,996</u>	<u>120,551</u>
Noncurrent liabilities:			
Revenue bonds payable	517,000	-	517,000
Cost of retirement, sewerage treatment facility	<u>-</u>	<u>234,025</u>	<u>234,025</u>
Total noncurrent liabilities	<u>517,000</u>	<u>234,025</u>	<u>751,025</u>
Total liabilities	<u>575,555</u>	<u>296,021</u>	<u>871,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenues	<u>196,734</u>	<u>-</u>	<u>196,734</u>
<b>NET POSITION</b>			
Net investment in capital assets	568,664	936,652	1,505,316
Restricted for debt service	76,936	-	76,936
Unrestricted (deficit)	<u>86,518</u>	<u>(124,982)</u>	<u>(38,464)</u>
Total net position	<u>\$ 732,118</u>	<u>\$ 811,670</u>	<u>\$ 1,543,788</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Funds  
 Year Ended June 30, 2022

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Operating revenues:			
Charges for services	\$ 185,589	\$ 89,832	\$ 275,421
Miscellaneous	261	710	971
Total operating revenues	<u>185,850</u>	<u>90,542</u>	<u>276,392</u>
Operating expenses:			
Salaries	22,076	22,074	44,150
Payroll taxes	1,718	1,684	3,402
Utilities	7,869	11,740	19,609
Repairs and maintenance	16,307	25,226	41,533
Legal and professional	1,155	825	1,980
Insurance	2,658	5,217	7,875
Operating supplies	14,614	1,980	16,594
Office supplies and expense	5,161	676	5,837
Depreciation and amortization	64,021	49,070	113,091
Other	6,686	6,848	13,534
Total operating expenses	<u>142,265</u>	<u>125,340</u>	<u>267,605</u>
Operating income (loss)	<u>43,585</u>	<u>(34,798)</u>	<u>8,787</u>
Nonoperating revenues (expenses):			
Interest income	6	-	6
Interest expense	(17,051)	-	(17,051)
Gain (loss) on sale of capital assets	923	(726)	197
Total nonoperating revenues (expenses)	<u>(16,122)</u>	<u>(726)</u>	<u>(16,848)</u>
Income (loss) before contributions	27,463	(35,524)	(8,061)
Capital contributions	<u>34,368</u>	<u>52,489</u>	<u>86,857</u>
Change in net position	61,831	16,965	78,796
Net position, beginning	<u>670,287</u>	<u>794,705</u>	<u>1,464,992</u>
Net position, ending	<u>\$ 732,118</u>	<u>\$ 811,670</u>	<u>\$ 1,543,788</u>

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2022

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 188,802	\$ 91,999	\$ 280,801
Payments to suppliers	(57,853)	(12,331)	(70,184)
Payments to employees	(23,794)	(23,758)	(47,552)
Other receipts	261	710	971
Net cash provided by operating activities	<u>107,416</u>	<u>56,620</u>	<u>164,036</u>
Cash flows from noncapital financing activities:			
Cash received from (paid to) other funds	<u>5,179</u>	<u>(4,901)</u>	<u>278</u>
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds payable	(30,000)	-	(30,000)
Interest and fiscal charges paid on debt	(17,051)	-	(17,051)
Capital contributions	200,502	52,489	252,991
Proceeds from sale of capital assets	923	726	1,649
Acquisition of property, plant and equipment	<u>(47,931)</u>	<u>(59,188)</u>	<u>(107,119)</u>
Net cash provided (used) by capital and related financing activities	<u>106,443</u>	<u>(5,973)</u>	<u>100,470</u>
Cash flows from investing activities:			
Interest income	6	-	6
Increase (decrease) in interest- bearing deposits in excess of 90 days	<u>1,107</u>	<u>1,636</u>	<u>2,743</u>
Net cash provided by investing activities	<u>1,113</u>	<u>1,636</u>	<u>2,749</u>
Net increase in cash and cash equivalents	220,151	47,382	267,533
Cash and cash equivalents, beginning of period	<u>133,256</u>	<u>30,453</u>	<u>163,709</u>
Cash and cash equivalents, end of period	<u>\$ 353,407</u>	<u>\$ 77,835</u>	<u>\$ 431,242</u>

(continued)

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 Year Ended June 30, 2022

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 43,585	\$(34,798)	\$ 8,787
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	64,021	49,070	113,091
Changes in current assets and liabilities:			
Accounts receivable	(476)	(981)	(1,457)
Unbilled services receivable	720	318	1,038
Accounts and other payables	(3,403)	40,181	36,778
Customer meter deposits	<u>2,969</u>	<u>2,830</u>	<u>5,799</u>
Net cash provided by operating activities	<u>\$ 107,416</u>	<u>\$ 56,620</u>	<u>\$ 164,036</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 55,725	\$ 13,541	\$ 69,266
Cash and interest-bearing deposits - restricted	84,583	20,020	104,603
Less: interest-bearing deposits in excess of 90 days	<u>(7,052)</u>	<u>(3,108)</u>	<u>(10,160)</u>
Total cash and cash equivalents	<u>133,256</u>	<u>30,453</u>	<u>163,709</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	262,005	59,642	321,647
Cash and interest-bearing deposits - restricted	97,346	19,665	117,011
Less: interest-bearing deposits in excess of 90 days	<u>(5,944)</u>	<u>(1,472)</u>	<u>(7,416)</u>
Total cash and cash equivalents	<u>353,407</u>	<u>77,835</u>	<u>431,242</u>
Net increase in cash and cash equivalents	<u>\$ 220,151</u>	<u>\$ 47,382</u>	<u>\$ 267,533</u>

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

# VILLAGE OF ESTHERWOOD, LOUISIANA

## Notes to the Basic Financial Statements

### (1) Summary of Significant Accounting Policies

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

#### A. Financial Reporting Entity

The Village was incorporated in 1901, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety (police), highways and streets, recreation, and general administrative services. The Village also operates two enterprise activities, which provide water and sewer services.

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

Based on the foregoing criteria, the Village does not have any component units, nor is it considered to be a component unit of any other government.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

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

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Fund Financial Statements

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

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

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

The major funds of the Village are described below:

Governmental Fund -

General Fund

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

Proprietary Funds—

Enterprise funds

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Water Utility Fund

The Water Utility Fund is used to account for the provision of water services to the residents of the Village.

Sewer Utility Fund

The Sewer Utility Fund is used to account for the provision of sewer services to the residents of the Village.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Basis of Accounting

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

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

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in September or October and are actually billed to taxpayers in November or December. The taxes are generally collected in December of the current year and January and February of the subsequent year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

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

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

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

Cash and interest-bearing deposits

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

## VILLAGE OF ESTHERWOOD, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer’s water and sewer utility fund services receivables as their major receivables. Uncollectible amounts due for customers’ water, gas, and sewer utility fund receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customer’s water, and sewer utility fund receivables were \$7,361 and \$1,700, respectively at June 30, 2022. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2003, some governmental funds’ infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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

Buildings and improvements	20-40 years
Machinery and equipment	5-10 years
Infrastructure	20 years
Water utility system	10-25 years
Gas utility system	10-25 years
Sewer utility system	10-25 years

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

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and water and sewer utility meter deposits.

Long-term debt

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

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debts consist primarily of the revenue bonds payable and utility meter deposits payable.

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

Compensated Absences

Village employees are entitled to certain compensated absences based upon their length of service. Sick leave is credited to permanent full-time employees at a rate of 1.25 days for each month of continuous employment. Unused sick leave is not paid upon termination or separation from employment and is therefore no provision for compensated absences has been made in the financial statements.

## VILLAGE OF ESTHERWOOD, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

Employees earn vacation leave at varying rates of 10 to 20 days per year, depending on length of service. Any unused vacation leave expires at the end of each calendar year. Unused vacation leave is paid upon termination or separation from employment. As of June 30, 2022, any liability for this accumulated leave is considered immaterial to the financial statements taken as a whole and is therefore not recorded.

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

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. The Village's deferred outflows at June 30, 2022 are related to estimated costs of dismantling and removal of the sewer treatment facility upon future closure of the plant's operations. The Village's deferred inflows of resources as of June 30, 2022 are related to grant funds received but not expended as of June 30, 2022.

#### Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any related bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Proprietary (water, sewer, and gas utility) fund equity is classified the same as in the government-wide statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal decision of the Village’s Mayor and Board or Aldermen, which is the highest level of decision-making authority for the Village.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes determined by a formal decision of the Village’s Mayor and Board of Aldermen.

*Unassigned* – all other spendable amounts.

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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

Interfund Transfers

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

F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Water and sewer revenue	Debt service and utility operations

The Village uses unrestricted resources only when restricted resources are fully depleted.

G. Interest Expense

Total interest incurred and expensed for the year ending June 30, 2022 for the proprietary funds and business-type activities was \$17,051. Total interest incurred and expensed for the year ended June 30, 2022 for the governmental funds and governmental activities was \$421.

H. Use of Estimates

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

I. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current year statements.

(2) Cash and Interest-Bearing Deposits

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. The Village does not have a policy for custodial credit risk; however, under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) are as follows:

Bank balances	<u>\$ 603,222</u>
Deposits are secured as follows:	
Insured	\$ 394,899
Uninsured and collateral held by the pledging bank, not in the Village's name	<u>208,323</u>
Total	<u>\$ 603,222</u>

(3) Sales Taxes

Proceeds of a 1% sales and use tax levied by the Village of Estherwood are accounted for in the General Fund and are dedicated for any lawful corporate purpose.

(4) Receivables

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 21,322	\$ 21,322
Unbilled utility	-	10,196	10,196
Franchise tax	<u>17,186</u>	<u>-</u>	<u>17,186</u>
Totals	<u>\$ 17,186</u>	<u>\$ 31,518</u>	<u>\$ 48,704</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(5) Restricted Assets – Enterprise Funds

Restricted assets consisted of the following:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Revenue bond sinking fund	\$ 13,115	\$ -	\$ 13,115
Revenue bond reserve fund	50,621	-	50,621
Revenue bond depreciation and contingency fund	13,200	-	13,200
Customers' deposits	<u>20,410</u>	<u>19,665</u>	<u>40,075</u>
 Total	 <u>\$ 97,346</u>	 <u>\$ 19,665</u>	 <u>\$ 117,011</u>

(6) Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,479	\$ -	\$ -	\$ 10,479
Other capital assets:				
Buildings and improvements	133,025	5,970	-	138,995
Land improvements	343,121	1,825	-	344,946
Machinery and equipment	148,919	17,156	40,048	126,027
Leased equipment	11,390	-	-	11,390
Infrastructure	<u>827,238</u>	<u>-</u>	<u>-</u>	<u>827,238</u>
Totals	<u>1,474,172</u>	<u>24,951</u>	<u>40,048</u>	<u>1,459,075</u>
Less accumulated depreciation				
Buildings and improvements	121,956	3,362	-	125,318
Land improvements	343,121	8	-	343,129
Machinery and equipment	138,771	5,527	37,865	106,433
Leased equipment	4,776	2,278	-	7,054
Infrastructure	<u>539,514</u>	<u>15,761</u>	<u>-</u>	<u>555,275</u>
Total accumulated depreciation	<u>1,148,138</u>	<u>26,936</u>	<u>37,865</u>	<u>1,137,209</u>
Governmental activities, capital assets, net	<u>\$ 326,034</u>	<u>\$ (1,985)</u>	<u>\$ 2,183</u>	<u>\$ 321,866</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 37,480	\$ -	\$ -	\$ 37,480
Other capital assets:				
Water utility system	1,549,422	47,931	-	1,597,353
Sewer utility system	1,991,178	58,804	1,600	2,048,382
Machinery and equipment	<u>104,224</u>	<u>-</u>	<u>27,356</u>	<u>76,868</u>
Totals	<u>3,682,304</u>	<u>106,735</u>	<u>28,956</u>	<u>3,760,083</u>
Less accumulated depreciation				
Water utility system	417,892	62,669	-	480,561
Sewer utility system	1,104,493	44,224	627	1,148,090
Machinery and equipment	<u>103,202</u>	<u>2,270</u>	<u>27,356</u>	<u>78,116</u>
Total accumulated depreciation	<u>1,625,587</u>	<u>109,163</u>	<u>27,983</u>	<u>1,706,767</u>
Business-type activities, capital assets, net	<u>\$2,056,717</u>	<u>\$ (2,428)</u>	<u>\$ 973</u>	<u>\$2,053,316</u>

Depreciation expense was charged to the governmental activities as follows:

General government	\$ 5,652
Public safety	2,380
Public works	<u>18,904</u>
 Total depreciation expense	 <u>\$ 26,936</u>

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

Water	\$ 64,021
Sewer	<u>45,142</u>
 Total depreciation expense	 <u>\$ 109,163</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(7) Accounts and Other Payables

The accounts and other payables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 370	\$ 44,297	\$ 44,667
Other liabilities	<u>5,175</u>	<u>-</u>	<u>5,175</u>
Totals	<u>\$ 5,545</u>	<u>\$ 44,297</u>	<u>\$ 49,842</u>

(8) Changes in Long-Term Debt

The following is a summary of long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Financing lease,					
Dell Financial Services	\$ 2,609	\$ -	\$ (1,167)	\$ 1,442	\$ 1,223
John Deere Credit	<u>3,904</u>	<u>-</u>	<u>(1,536)</u>	<u>2,368</u>	<u>1,555</u>
Total governmental activities	<u>\$ 6,513</u>	<u>\$ -</u>	<u>\$ (2,703)</u>	<u>\$ 3,810</u>	<u>\$ 2,778</u>
Business-type activities:					
Utilities Revenue					
Refunding Bonds, Series 2011	<u>\$ 578,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 548,000</u>	<u>\$ 31,000</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Long term debt payable is comprised of the following:

Governmental activities -

Direct borrowing - Financing leases:

\$7,193 lease-purchase agreement dated January 15, 2019, due in 60 monthly installments of \$138, including interest of 5.75 percent through December 15, 2023; secured by equipment, which is included in capital assets on the statement of net position.	\$ 2,368
\$4,197 lease-purchase agreement dated September 1, 2019, due in 48 monthly installments of \$117, including interest of 12.25 percent through August 1, 2023; secured by equipment, which is included in capital assets on the statement of net position.	<u>1,442</u>
Total financing leases	<u>\$ 3,810</u>

Business-type activities -

Direct borrowing - Revenue Bonds:

\$693,000 Taxable Utilities Revenue Bonds, Series 2014, due in annual installments ranging from \$1,000 to \$48,000 through July, 2036; interest at 2.95%; payable from revenues of the combined utilities system	<u>\$ 548,000</u>
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In the event of default on the above debt, the debtholder may take actions as deemed necessary and appropriate as permitted by law to cause the Village to comply with its obligations under the debt and compel performance.

The annual debt service requirements to maturity on the Village's long-term debt is as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Leases		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 2,778	\$ 205	\$ 31,000	\$ 16,166
2024	1,032	17	32,000	15,251
2025	-	-	33,000	14,307
2026	-	-	34,000	13,334
2027	-	-	36,000	12,331
2028-2032	-	-	198,000	45,045
2033-2036	-	-	184,000	13,776
	<u>\$ 3,810</u>	<u>\$ 222</u>	<u>\$ 548,000</u>	<u>\$ 130,210</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(9) Flow of Fund; Restrictions on Use – Utility Revenues

Under the terms of the bond indenture on outstanding Taxable Utility Revenue Bonds, Series 2014, as long as any bonds are outstanding, the Village is required to maintain sufficient excess annual revenues available for repayment of the debts service on the bonds. As a result, the Village is required to maintain a separate “Utilities Revenue Bonds Debt Service Fund.” Each month, there will be set aside into the fund an amount equal to 1/6<sup>th</sup> of the interest and administrative fee due on the next interest payment date and 1/12<sup>th</sup> of the principal on the next principal payment date. The Village is also required to maintain a “Debt Service Reserve Fund” solely for the purpose of paying the principal and interest on the bonds to which there would otherwise be default. The Village must transfer on or before the 20<sup>th</sup> day of each month 25% of the amount required to be paid into the Debt Service Fund until there has been accumulated a sum equal to the reserve fund requirement. Also, the Village must transfer 5% of the gross revenues of the utilities system collected during the previous month into a “Utilities Depreciation and Contingency Fund” to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. The deposits may cease once the sum of \$100,000 has been accumulated. Pursuant to indenture, the Village shall also fix, establish, maintain, and collect rates and other charges for the services and facilities of the system to provide revenues sufficient to pay the necessary expenses of administering, operating, and maintaining the system, 120% of the principal, interest, and administrative fees due each year, all reserves or sinking funds or other payments required by the indenture and all other obligations or indebtedness payable from the revenues of the system.

The Village complied with all significant limitations and restrictions in the bond indenture during the fiscal year ended June 30, 2022.

(10) Interfund Transactions

Interfund balances consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 278	\$ -
Water Utility Fund	-	5,179
Sewer Utility Fund	<u>4,901</u>	<u>-</u>
Total	<u>\$ 5,179</u>	<u>\$ 5,179</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(11) On-Behalf Payments of Salaries

The State of Louisiana paid the Village's Chief of Police \$1,200 of supplemental pay during the year ended June 30, 2022. Such payments are recorded as intergovernmental revenues and public safety expense in the government-wide and General Fund financial statements.

(12) Risk Management

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

(13) Litigation and Claims

At June 30, 2022, there is no pending litigation against the Village.

(14) Asset Retirement Obligation – Sewer Treatment Facility

The Village has a legal requirement to dismantle and remove the sewer treatment plant upon closure of the system's operations. During the fiscal year ended June 30, 2022, engineers estimated the closeout costs to be \$234,025 and this amount has been reported as a long-term liability in the Sewer Utility Fund. A corresponding deferred outflow has been recorded and is being amortized over the facility's estimated remaining useful life of approximately 20 years. Amortization of the deferred outflow of \$4,022 has been reported in the Sewer Utility Fund for the year ended June 30, 2022. The Village has no assets restricted for payment of these liabilities at June 30, 2022.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

VILLAGE OF ESTHERWOOD, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 129,700	\$ 110,700	\$ 140,030	\$ 29,330
Licenses and permits	20,200	20,200	25,351	5,151
Intergovernmental	18,200	18,200	31,415	13,215
Fines and forfeits	80,000	80,000	63,701	(16,299)
Interest income	-	-	14	14
Miscellaneous	<u>4,000</u>	<u>23,000</u>	<u>28,732</u>	<u>5,732</u>
Total revenues	<u>252,100</u>	<u>252,100</u>	<u>289,243</u>	<u>37,143</u>
Expenditures:				
Current -				
General government	87,000	100,700	87,309	13,391
Public safety	52,200	67,500	68,485	(985)
Public works	25,400	35,500	49,175	(13,675)
Capital outlay	16,000	15,000	24,951	(9,951)
Debt service:				
Principal paid	1,800	3,300	2,635	665
Interest	<u>-</u>	<u>-</u>	<u>421</u>	<u>(421)</u>
Total expenditures	<u>182,400</u>	<u>222,000</u>	<u>232,976</u>	<u>(10,976)</u>
Excess of revenues over expenditures	69,700	30,100	56,267	26,167
Other financing sources (uses):				
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>8,447</u>	<u>8,447</u>
Net change in fund balance	69,700	30,100	64,714	34,614
Fund balance, beginning	<u>114,647</u>	<u>114,647</u>	<u>114,647</u>	<u>-</u>
Fund balance, ending	<u>\$ 184,347</u>	<u>\$ 144,747</u>	<u>\$ 179,361</u>	<u>\$ 34,614</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to June 30, the Village Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
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, a public hearing is called.
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. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

The General Fund reported excess expenditures over appropriations.

**SUPPLEMENTARY INFORMATION**

VILLAGE OF ESTHERWOOD, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head

Donna Bertrand, Mayor

Year Ended June 30, 2022

Salary

\$ 16,754

VILLAGE OF ESTHERWOOD, LOUISIANA

Schedule of Compensation  
Board of Alderman  
Year Ended June 30, 2022

Emily Mire	\$ 600
Jo Ann V. Trahan	600
Michael Stutes	<u>600</u>
	<u>\$ 1,800</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity  
Year Ended June 30, 2022

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 6/30/2022
Beginning Balance of Amounts Collected	\$ 170	\$ 455
Add: Collections -		
Civil Fees	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	7,252	9,651
Criminal Fines - Contempt	-	-
Criminal Fines - Other	19,853	26,836
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees	-	-
Interest Earnings on Collected Balances	-	-
Other	-	-
Subtotal Collections	<u>27,105</u>	<u>36,487</u>
Less: Disbursements to Governments and Nonprofits -		
Crime Stoppers Of Acadia, Inc - Criminal Fines	179	326
Acadiana Criminalistics Laboratory - Criminal Fines	2,700	4,420
Louisiana Commission on Law Enforcement - Criminal Fines	197	435
Louisiana State Treasurer CMIS - Criminal Fines	78	145
LA Dept of Health & Hospitals THI/SCI - Criminal Fines	405	515
Judicial Administrator, Supreme Court of Louisiana - Criminal Fines	198	99
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Criminal Court Costs/Fees	3,210	4,166
Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines Other	<u>19,853</u>	<u>26,836</u>
Subtotal Disbursements/Retainage	<u>26,820</u>	<u>36,942</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 455</u>	<u>\$ -</u>

## **OTHER INFORMATION**

VILLAGE OF ESTHERWOOD, LOUISIANA  
Enterprise Funds  
Utility Funds

Comparative Departmental Statement of Revenues and Expenses  
Years Ended June 30, 2022 and 2021

	Water Utility Fund		Sewer Utility Fund		Totals	
	2022	2021	2022	2021	2022	2021
Operating revenue:						
Charges for services	\$ 185,589	\$ 163,495	\$ 89,832	\$ 89,185	\$ 275,421	\$ 252,680
Other	261	93	710	1,685	971	1,778
Total operating revenues	<u>185,850</u>	<u>163,588</u>	<u>90,542</u>	<u>90,870</u>	<u>276,392</u>	<u>254,458</u>
Operating expenses:						
Salaries	22,076	29,365	22,074	32,608	44,150	61,973
Payroll taxes	1,718	1,639	1,684	2,261	3,402	3,900
Utilities and telephone	7,869	6,367	11,740	9,776	19,609	16,143
Repairs and maintenance	16,307	20,739	25,226	28,978	41,533	49,717
Legal and professional	1,155	-	825	-	1,980	-
Insurance	2,658	2,874	5,217	3,034	7,875	5,908
Operating supplies	14,614	9,557	1,980	1,840	16,594	11,397
Office supplies and expense	5,161	4,773	676	980	5,837	5,753
Engineering fees	-	139	-	1,500	-	1,639
Depreciation and amortization	64,021	62,915	49,070	48,808	113,091	111,723
Other	6,686	3,545	6,848	4,053	13,534	7,598
Total operating expenses	<u>142,265</u>	<u>141,913</u>	<u>125,340</u>	<u>133,838</u>	<u>267,605</u>	<u>275,751</u>
Operating income (loss)	<u>\$ 43,585</u>	<u>\$ 21,675</u>	<u>\$ (34,798)</u>	<u>\$ (42,968)</u>	<u>\$ 8,787</u>	<u>\$ (21,293)</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Donna Bertrand, Mayor  
and Members of the Board of Aldermen  
Village of Estherwood, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana (the "Village") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 27, 2022.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2022-001, that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

### **The Village of Estherwood, Louisiana's Response to Findings**

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

### **Purpose of this Report**

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

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

Abbeville, Louisiana  
December 27, 2022

VILLAGE OF ESTHERWOOD, LOUISIANA

Schedule of Current and Prior Year Findings  
And Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Finding Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Village did not have adequate segregation of functions within the accounting system.

CRITERIA: Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework and the Louisiana Legislative Auditor's Governmental Auditing Guide. The COSO model defines internal control as "a process effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance of the achievement of objectives in the following categories: Operational Effectiveness and Efficiency, Financial Reporting Reliability, and Applicable Laws and Regulations Compliance.

CAUSE: The Village does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The Village should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable but is cost prohibitive. All efforts are given to segregate duties where feasible.

B. Compliance and other matters

None reported.

VILLAGE OF ESTHERWOOD, LOUISIANA

Schedule of Current and Prior Year Findings  
And Management's Corrective Action Plan (Continued)

Part II. Prior Year Findings

A. Internal Control Finding Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Village did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Village should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2022-001.

# KOLDER, SLAVEN & COMPANY, LLC

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## MANAGEMENT LETTER

The Honorable Donna Bertrand, Mayor  
and Members of the Board of Aldermen  
Village of Estherwood, Louisiana

We have completed our audit of the basic financial statements of the Village of Estherwood, Louisiana for the year ended June 30, 2022, and submit the following recommendation for your consideration:

The Sewer Enterprise Fund experienced an operating loss of \$34,798 during the current year. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendation, please feel free to contact us.

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

Abbeville, Louisiana  
December 27, 2022

**VILLAGE OF ESTHERWOOD, LOUISIANA**

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2021 through June 30, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Donna Bertrand  
Village of Estherwood  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Village of Estherwood's (the Village) management is responsible for those C/C areas identified in the SAUPs.

The Village has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### Written Policies and Procedures

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in

the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

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

### ***Collections (excluding EFTs)***

---

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

*selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

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

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

### ***Debt Service***

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

### ***Fraud Notice***

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

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

***Findings:***

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No exceptions were found as a result of procedures list above with the exception of:

**Policies and Procedures:**

*The Village does not have policies and procedures addressing Information Technology Disaster/Business Continuity.*

*The Village does not have policies and procedures addressing sexual harassment reporting and training.*

**Bank Reconciliations:**

*Four out of the five bank reconciliations tested were not reconciled within two months of the statement closing date.*

**Cash Collections:**

*The employee responsible for collecting cash shares a register/drawer with another employee.*

*The employee responsible for collecting cash is also responsible for making bank deposits.*

*The employee responsible for collecting cash is also responsible for posting general ledger entries.*

*The employee responsible for collecting cash is also responsible for reconciling cash to the general ledger.*

*Six out of the ten collections tested were not deposited timely.*

*Supporting documentation could not be obtained for one out of the ten collected tested.*

**Disbursements:**

*The employee responsible for processing payments also mails checks.*

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files.*

**Ethics:**

*One out of the five employees tested did not complete one hour of ethics training.*

**Fraud Notice:**

*Fight Fraud Notice was not found on the website.*

**Sexual Harassment:**

*Four out of the five employees did not complete one hour of sexual harassment training.*

***Management's Response:***

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Management of the Village concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

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

Abbeville, Louisiana  
December 27, 2022