

**VILLAGE OF ESTHERWOOD, LOUISIANA**

Financial Report

Year Ended June 30, 2020

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 <b>BASIC FINANCIAL STATEMENTS</b>	
 <b>GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net position	6
Statement of activities	7
 <b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Balance sheet - governmental fund	10
Reconciliation of the governmental fund balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balance - governmental fund	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	13
Statement of net position - proprietary funds	14
Statement of revenues, expenses, and changes in fund net position - proprietary funds	15
Statement of cash flows - proprietary funds	16-17
Notes to basic financial statements	18-34
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	36
Notes to the required supplementary information	37
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
Statement of net position, with comparative totals for prior year	39
 Major Governmental Funds - Detailed budgetary comparison schedules compared to actual for prior year	
General Fund - revenues and expenditures	40
General Fund - expenditures	41

(continued)

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Enterprise Funds -	
Comparative statement of net position - utility funds	42
Comparative departmental analysis of revenues and expenses -utility funds	43
 INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46
Summary schedule of current and prior year audit findings and management's corrective action plan	47-50

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Donald Popp, Mayor  
and Members of the Board of Aldermen  
Village of Estherwood, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana (the "Village"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund of the Village of Estherwood, Louisiana, as of June 30, 2020, 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.

## *Other Matters*

### *Required Supplementary Information*

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

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Estherwood, Louisiana's basic financial statements. The other supplementary information on pages 39 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, these statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information on the comparative statements has been derived from the Village of Estherwood's 2019 financial statements, which were audited by other auditors whose report dated January 30, 2020 expressed an unmodified opinion on those statements and included an emphasis of matters paragraph describing recurring operating losses from operations in the proprietary funds that led to deficit or marginal unrestricted net position in those funds, minimal unassigned fund balance in the General Fund, and overall cash flow challenges.

The various schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

### **Emphasis of Matters**

As discussed in Note 21 to the financial statements, the Village has suffered recurring operating losses from operations in the proprietary funds that has led to deficit or marginal unrestricted net position in those funds, minimal unassigned fund balance in its General Fund, and overall cash flow challenges. Management's evaluation of the events and conditions and management's plans to mitigate these matters also described in Note 21.

Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, 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

Lafayette, Louisiana  
December 10, 2020

**BASIC FINANCIAL STATEMENTS**

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



VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 19,100	\$ 71,873	\$ 90,973
Receivables, net	7,681	32,884	40,565
Due from other governmental units	18,137	-	18,137
Total current assets	<u>44,918</u>	<u>104,757</u>	<u>149,675</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	89,581	89,581
Capital assets -			
Land	10,479	37,480	47,959
Capital assets, net	<u>338,310</u>	<u>2,114,965</u>	<u>2,453,275</u>
Total noncurrent assets	<u>348,789</u>	<u>2,242,026</u>	<u>2,590,815</u>
Total assets	<u>393,707</u>	<u>2,346,783</u>	<u>2,740,490</u>
<b>DEFERRED OUTFLOWS:</b>			
Retirement of sewerage treatment facility	<u>-</u>	<u>54,424</u>	<u>54,424</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	33,917	30,599	64,516
Unearned revenue	-	1,942	1,942
Customers' deposits	-	50,637	50,637
Capital leases payable	<u>2,341</u>	<u>-</u>	<u>2,341</u>
Total current liabilities	<u>36,258</u>	<u>83,178</u>	<u>119,436</u>
Noncurrent liabilities:			
Capital leases payable	6,513	-	6,513
Bonds payable	-	607,000	607,000
Cost of retirement, sewerage treatment facility	<u>-</u>	<u>203,500</u>	<u>203,500</u>
Total noncurrent liabilities	<u>6,513</u>	<u>810,500</u>	<u>817,013</u>
Total liabilities	<u>42,771</u>	<u>893,678</u>	<u>936,449</u>
<b>NET POSITION</b>			
Net investment in capital assets	339,935	1,545,445	1,885,380
Restricted	255	38,944	39,199
Unrestricted (deficit)	<u>10,746</u>	<u>(76,860)</u>	<u>(66,114)</u>
Total net position	<u>\$ 350,936</u>	<u>\$ 1,507,529</u>	<u>\$ 1,858,465</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, 2020

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
<b>Governmental activities:</b>							
General government	\$ 93,611	\$ 21,433	\$ 6,794	\$ -	\$ (65,384)	\$ -	\$ (65,384)
Public safety	49,074	92,838	-	-	43,764	-	43,764
Public works	53,750	-	3,200	-	(50,550)	-	(50,550)
Interest	1,570	-	-	-	(1,570)	-	(1,570)
Total governmental activities	<u>198,005</u>	<u>114,271</u>	<u>9,994</u>	<u>-</u>	<u>(73,740)</u>	<u>-</u>	<u>(73,740)</u>
<b>Business-type activities:</b>							
Water	156,626	131,531	-	-	-	(25,095)	(25,095)
Gas	75,253	66,338	-	-	-	(8,915)	(8,915)
Sewer	132,073	83,874	-	-	-	(48,199)	(48,199)
Total business-type activities	<u>363,952</u>	<u>281,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,209)</u>	<u>(82,209)</u>
Total primary government	<u>\$ 561,957</u>	<u>\$ 396,014</u>	<u>\$ 9,994</u>	<u>\$ -</u>	<u>(73,740)</u>	<u>(82,209)</u>	<u>(155,949)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					14,225	-	14,225
Sales and use taxes, levied for general purposes					55,886	-	55,886
Franchise taxes					32,764	-	32,764
Grants and contributions not restricted to specific programs -							
State sources					10,390	-	10,390
Interest					60	7	67
Miscellaneous					11,359	-	11,359
Transfers					(65,052)	65,052	-
Total general revenues					<u>59,632</u>	<u>65,059</u>	<u>124,691</u>
Change in net position					(14,108)	(17,150)	(31,258)
Net position - July 1, 2019					<u>365,044</u>	<u>1,524,679</u>	<u>1,889,723</u>
Net position - June 30, 2020					<u>\$ 350,936</u>	<u>\$ 1,507,529</u>	<u>\$ 1,858,465</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

To account for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Enterprise Funds**

#### **Water Utility Fund -**

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

#### **Gas Utility Fund -**

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

#### **Sewer Utility Fund -**

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Balance Sheet  
Governmental Fund  
June 30, 2020

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 18,845
Cash, restricted for police auxiliary	255
Receivables:	
Franchise fee receivable	7,681
Due from other governmental units	<u>18,137</u>
Total assets	<u>\$ 44,918</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 29,486
Accrued liabilities	<u>4,431</u>
Total liabilities	<u>33,917</u>
Fund balances:	
Restricted	255
Unassigned	<u>10,746</u>
Total fund balances	<u>11,001</u>
Total liabilities and fund balances	<u>\$ 44,918</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, 2020

Total fund balance for the governmental fund at June 30, 2020		\$	11,001
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land	\$	10,479	
Buildings, net of \$118,585 accumulated depreciation		14,440	
Land improvements, net of \$343,121 accumulated depreciation		-	
Equipment, net of \$137,966 accumulated depreciation		20,385	
Infrastructure, net of \$523,753 accumulated depreciation		<u>303,485</u>	348,789
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.			
Capital leases payable			<u>(8,854)</u>
Total net position of governmental activities at June 30, 2020		\$	<u>350,936</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, 2020

	<u>General Fund</u>
<b>Revenues:</b>	
Taxes	\$ 102,875
Licenses and permits	21,433
Intergovernmental	20,384
Fines	92,838
Interest	60
Miscellaneous	11,359
Total revenues	<u>248,949</u>
<b>Expenditures:</b>	
Current -	
General government	86,781
Public safety	47,918
Public works	36,381
Debt service	3,656
Capital outlay	9,431
Total expenditures	<u>184,167</u>
 Excess of revenues over expenditures	 <u>64,782</u>
<b>Other financing sources (uses):</b>	
Proceeds from capital leases	4,197
Transfers in	59,016
Transfers out	<u>(124,068)</u>
Total other financing sources (uses)	<u>(60,855)</u>
 Net change in fund balance	 3,927
 Fund balance, beginning	 <u>7,074</u>
 Fund balance, ending	 <u>\$ 11,001</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, 2020

Total net change in fund balance at June 30, 2020 per statement of revenues, expenditures and changes in fund balance		\$	3,927
The change in net position reported for governmental activities in the statement of activities is different because:			
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances		\$	9,431
Depreciation expense for the year ended June 30, 2020			(24,755)
Loss on disposition of capital assets for the year ended June 30, 2020			<u>(600)</u> (15,924)
Issuance of debt is reported as a financing source in the governmental fund and thus contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statements of activities. Similarly, repayment of principal is recorded as expenditures in the governmental fund but reduce the liability in the statement of activities.			
Proceeds from capital leases			(4,197)
Capital leases principal payments			<u>2,086</u> <u>(2,111)</u>
Total changes in net position at June 30, 2020 per statement of activities		\$	<u>(14,108)</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, 2020

	Enterprise Funds			Total
	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 22,700	\$ 21,586	\$ 27,587	\$ 71,873
Receivables, net -				
Accounts	6,910	8,054	8,499	23,463
Unbilled utility receivables	4,876	1,386	3,159	9,421
Due from other fund	22,991	-	-	22,991
Total current assets	<u>57,477</u>	<u>31,026</u>	<u>39,245</u>	<u>127,748</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	58,467	12,375	18,739	89,581
Capital assets -				
Land and construction in progress	-	-	37,480	37,480
Capital assets, net	1,195,668	4,041	915,256	2,114,965
Total noncurrent assets	<u>1,254,135</u>	<u>16,416</u>	<u>971,475</u>	<u>2,242,026</u>
Total assets	<u>1,311,612</u>	<u>47,442</u>	<u>1,010,720</u>	<u>2,369,774</u>
<b>DEFERRED OUTFLOWS:</b>				
Retirement of sewerage treatment facility	-	-	54,424	54,424
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	11,839	5,118	13,642	30,599
Unearned revenue	-	-	1,942	1,942
Due to other fund	-	22,991	-	22,991
Payable from restricted assets -				
Customers' deposits	19,523	12,375	18,739	50,637
Total current liabilities	<u>31,362</u>	<u>40,484</u>	<u>34,323</u>	<u>106,169</u>
Noncurrent liabilities:				
Revenue bonds payable	607,000	-	-	607,000
Cost of retirement, sewerage treatment facility	-	-	203,500	203,500
Total noncurrent liabilities	<u>607,000</u>	<u>-</u>	<u>203,500</u>	<u>810,500</u>
Total liabilities	<u>638,362</u>	<u>40,484</u>	<u>237,823</u>	<u>916,669</u>
<b>NET POSITION</b>				
Net investment in capital assets	588,668	4,041	952,736	1,545,445
Restricted	38,944	-	-	38,944
Unrestricted (deficit)	45,638	2,917	(125,415)	(76,860)
Total net position	<u>\$ 673,250</u>	<u>\$ 6,958</u>	<u>\$ 827,321</u>	<u>\$ 1,507,529</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, 2020

	Enterprise Funds			Total
	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	
Operating revenues:				
Charges for services	\$ 131,386	\$ 66,338	\$ 83,874	\$ 281,598
Miscellaneous	145	-	-	145
Total operating revenues	<u>131,531</u>	<u>66,338</u>	<u>83,874</u>	<u>281,743</u>
Operating expenses:				
Salaries	27,211	27,190	28,769	83,170
Payroll taxes	2,040	1,996	2,019	6,055
Group insurance	1,002	1,002	1,002	3,006
Utilities	6,761	1,538	9,843	18,142
Repairs and maintenance	15,212	687	25,778	41,677
Legal and professional	-	573	-	573
Insurance	3,447	6,588	1,224	11,259
Operating supplies	14,954	15,210	1,103	31,267
Office supplies and expense	4,510	1,364	7,262	13,136
Inspection and testing	-	11,224	-	11,224
Depreciation and amortization	62,915	1,140	49,049	113,104
Other	4,219	1,167	449	5,835
Total operating expenses	<u>147,883</u>	<u>70,843</u>	<u>126,498</u>	<u>345,224</u>
Operating loss	<u>(16,352)</u>	<u>(4,505)</u>	<u>(42,624)</u>	<u>(63,481)</u>
Nonoperating revenues (expenses):				
Interest income	-	7	-	7
Interest expense	(18,728)	-	-	(18,728)
Total nonoperating revenues (expenses)	<u>(18,728)</u>	<u>7</u>	<u>-</u>	<u>(18,721)</u>
Loss before transfers	<u>(35,080)</u>	<u>(4,498)</u>	<u>(42,624)</u>	<u>(82,202)</u>
Transfers in (out):				
Transfers in	46,006	-	22,622	68,628
Transfers out	-	-	(3,576)	(3,576)
Total transfers in (out)	<u>46,006</u>	<u>-</u>	<u>19,046</u>	<u>65,052</u>
Change in net position	10,926	(4,498)	(23,578)	(17,150)
Net position, beginning	<u>662,324</u>	<u>11,456</u>	<u>850,899</u>	<u>1,524,679</u>
Net position, ending	<u>\$ 673,250</u>	<u>\$ 6,958</u>	<u>\$ 827,321</u>	<u>\$ 1,507,529</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, 2020

	Enterprise Funds			Total
	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 135,494	\$ 61,160	\$ 82,545	\$ 279,199
Payments to suppliers	(59,715)	(45,050)	(41,582)	(146,347)
Payments to employees	(29,251)	(29,186)	(30,788)	(89,225)
Other receipts	145	-	-	145
Net cash provided (used) by operating activities	<u>46,673</u>	<u>(13,076)</u>	<u>10,175</u>	<u>43,772</u>
<b>Cash flows from noncapital financing activities:</b>				
Net increase in customer meter deposits	1,170	825	975	2,970
Cash received from other funds	46,006	22,991	22,622	91,619
Cash paid to other funds	(22,991)	-	(3,576)	(26,567)
Net cash provided by noncapital financing activities	<u>24,185</u>	<u>23,816</u>	<u>20,021</u>	<u>68,022</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on revenue bonds payable	(28,000)	-	-	(28,000)
Interest and fiscal charges paid on debt	(18,728)	-	-	(18,728)
Grant revenues received	1,825	-	-	1,825
Acquisition of property, plant and equipment	-	-	(9,184)	(9,184)
Net cash used by capital and related financing activities	<u>(44,903)</u>	<u>-</u>	<u>(9,184)</u>	<u>(54,087)</u>
<b>Cash flows from investing activities:</b>				
Increase (decrease) in interest-bearing deposits in excess of 90 days	-	85	(85)	-
Interest on investments	-	7	-	7
Net cash provided (used) by investing activities	<u>-</u>	<u>92</u>	<u>(85)</u>	<u>7</u>
Net increase in cash and cash equivalents	25,955	10,832	20,927	57,714
Cash and cash equivalents, beginning of period	<u>50,945</u>	<u>20,429</u>	<u>22,291</u>	<u>93,665</u>
Cash and cash equivalents, end of period	<u>\$ 76,900</u>	<u>\$ 31,261</u>	<u>\$ 43,218</u>	<u>\$ 151,379</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2020

	Enterprise Funds			Total
	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$(16,352)	\$ (4,505)	\$(42,624)	\$ (63,481)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	62,915	1,140	49,049	113,104
Changes in current assets and liabilities:				
Accounts receivable	323	14	(727)	(390)
Provision for uncollectible accounts	3,785	(5,192)	(602)	(2,009)
Unbilled services receivable	(310)	(143)	(251)	(704)
Accounts and other payables	(3,688)	(4,390)	5,330	(2,748)
Net cash provided (used) by operating activities	<u>\$ 46,673</u>	<u>\$ (13,076)</u>	<u>\$ 10,175</u>	<u>\$ 43,772</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	\$ 11,763	\$ 11,664	\$ 7,550	\$ 30,977
Cash and interest-bearing deposits - restricted	43,449	11,550	17,764	72,763
Less: interest-bearing deposits in excess of 90 days	<u>(4,267)</u>	<u>(2,785)</u>	<u>(3,023)</u>	<u>(10,075)</u>
Total cash and cash equivalents	<u>50,945</u>	<u>20,429</u>	<u>22,291</u>	<u>93,665</u>
Cash and cash equivalents, end of period -				
Cash and interest-bearing deposits - unrestricted	22,700	21,586	27,587	71,873
Cash and interest-bearing deposits - restricted	58,467	12,375	18,739	89,581
Less: interest-bearing deposits in excess of 90 days	<u>(4,267)</u>	<u>(2,700)</u>	<u>(3,108)</u>	<u>(10,075)</u>
Total cash and cash equivalents	<u>76,900</u>	<u>31,261</u>	<u>43,218</u>	<u>151,379</u>
Net increase in cash and cash equivalents	<u>\$ 25,955</u>	<u>\$ 10,832</u>	<u>\$ 20,927</u>	<u>\$ 57,714</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 in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The 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 three enterprises activities, which provide water, gas, 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, Gas 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.

Gas Utility Fund

The Gas Utility Fund is used to account for the provision of natural gas 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.

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.

#### 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.

Under state law, the Village may invest in United States bonds, treasury notes or certificates, or other time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount.

##### 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."



VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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, gas, 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, gas, and sewer utility fund receivables were \$7,734, and \$1,085, and \$1,985, respectively at June 30, 2020. 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.

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.

## VILLAGE OF ESTHERWOOD, LOUISIANA

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

#### 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, gas, 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 not recorded in the financial statements.

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, 2020, 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, 2020 are related to estimated costs of dismantling and removal of the sewer treatment facility upon future closure of the plant's operations. The Village had no deferred inflows of resources as of June 30, 2020.

## VILLAGE OF ESTHERWOOD, LOUISIANA

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

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

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

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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.

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

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

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, gas, and sewer revenue	Debt service and utility operations

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

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

G. Capitalization of Interest Expense

It is the policy of the Village of Estherwood to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. For the year ending June 30, 2020, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books. Total interest incurred and expensed for the year ending June 30, 2020 for the proprietary funds and business-type activities was \$18,728. Total interest incurred and expensed for the year ended June 30, 2020 for the governmental funds and governmental activities was \$1,570.

H. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Village had cash and interest-bearing deposits (book balances) as follows:

Demand deposits	\$ 170,479
Time deposits	<u>10,075</u>
Total	<u>\$ 180,554</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. 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) at June 30, 2020 in the amount of \$224,901 were secured by federal deposit insurance. The Village had no custodial credit risk related to its deposits at June 30, 2020.

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Acadia Parish. Village property tax revenues are budgeted in the year billed.

For the year ended June 30, 2020, taxes of 7.05 mills were levied for general corporate purposes on property with assessed valuations totaling \$2,019,800.

Total taxes levied were \$14,240. Additionally, the local housing authority paid \$7,135 in lieu of property taxes during 2020. There were no taxes receivable at June 30, 2020.

(4) 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.

(5) Receivables

Receivables at June 30, 2020 of \$40,565 consist of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ 23,463	\$ 23,463
Unbilled utility	-	9,421	9,421
Franchise tax	<u>7,681</u>	<u>-</u>	<u>7,681</u>
Totals	<u>\$ 7,681</u>	<u>\$ 32,884</u>	<u>\$ 40,565</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units in the amount of \$18,137 at June 30, 2020 consisted of the following:

Governmental Activities:

General Fund -

State of Louisiana:

Beer taxes revenues earned for the quarter ended June 30, 2020 \$ 409

Southwest Acadia Consolidated Housing Authority:

Payment in lieu of taxes for the fiscal year ended September 30, 2019 8,030

Acadia Parish School Board:

Sales tax revenues earned for the months of May and June, 2020 9,698

Total governmental activities \$ 18,137

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,479	\$ -	\$ -	\$ 10,479
Other capital assets:				
Buildings and improvements	133,025	-	-	133,025
Land improvements	343,121	-	-	343,121
Machinery and equipment	154,920	9,431	6,000	158,351
Infrastructure	827,238	-	-	827,238
Totals	<u>1,468,783</u>	<u>9,431</u>	<u>6,000</u>	<u>1,472,214</u>
Less accumulated depreciation				
Buildings and improvements	115,214	3,371	-	118,585
Land improvements	343,121	-	-	343,121
Machinery and equipment	137,743	5,623	5,400	137,966
Infrastructure	507,992	15,761	-	523,753
Total accumulated depreciation	<u>1,104,070</u>	<u>24,755</u>	<u>5,400</u>	<u>1,123,425</u>
Governmental activities, capital assets, net	<u>\$ 364,713</u>	<u>\$ (15,324)</u>	<u>\$ 600</u>	<u>\$ 348,789</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 37,480	\$ -	\$ -	\$ 37,480
Other capital assets:				
Water utility system	1,548,729	-	-	1,548,729
Gas utility system	55,402	-	-	55,402
Sewer utility system	1,965,764	9,184	-	1,974,948
Machinery and equipment	119,690	-	-	119,690
Totals	<u>3,727,065</u>	<u>9,184</u>	<u>-</u>	<u>3,736,249</u>
Less accumulated depreciation				
Water utility system	291,927	62,636	-	354,563
Gas utility system	55,402	-	-	55,402
Sewer utility system	1,017,985	42,928	-	1,060,913
Machinery and equipment	110,316	2,610	-	112,926
Total accumulated depreciation	<u>1,475,630</u>	<u>108,174</u>	<u>-</u>	<u>1,583,804</u>
Business-type activities, capital assets, net	<u>\$2,251,435</u>	<u>\$ (98,990)</u>	<u>\$ -</u>	<u>\$2,152,445</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,230
Public safety	1,156
Public works	<u>17,369</u>
Total depreciation expense	<u>\$ 24,755</u>

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

Water	\$ 62,915
Gas	1,140
Sewer	<u>44,119</u>
Total depreciation expense	<u>\$ 108,174</u>

(8) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2020:

	Water Utility	Gas Utility	Sewer Utility	Total
Revenue bond sinking fund	\$ 1,398	\$ -	\$ -	\$ 1,398
Revenue bond reserve fund	29,896	-	-	29,896
Revenue bond depreciation and contingency fund	7,650	-	-	7,650
Customers' deposits	<u>19,523</u>	<u>12,375</u>	<u>18,739</u>	<u>50,637</u>
Total	<u>\$ 58,467</u>	<u>\$ 12,375</u>	<u>\$ 18,739</u>	<u>\$ 89,581</u>

(9) Accounts and Other Payables

The accounts and other payables in the amount of \$64,516 consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 29,274	\$ 30,537	\$ 59,811
Other liabilities	<u>4,643</u>	<u>62</u>	<u>4,705</u>
Totals	<u>\$ 33,917</u>	<u>\$ 30,599</u>	<u>\$ 64,516</u>



VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(10) Changes in Long-Term Debt

Long-term debt activity of governmental activities for the year ended June 30, 2020 was as follows:

	<u>Balance 07/01/19</u>	<u>Proceeds</u>	<u>Reductions</u>	<u>Balance 06/30/20</u>	<u>Current Portion</u>
Capital leases payable	\$ 6,743	\$ 4,197	\$ 2,086	\$ 8,854	\$ 2,341

Long-term debt activity of business-type activities for the year ended June 30, 2020 was as follows:

	<u>Balance 07/01/19</u>	<u>Proceeds</u>	<u>Reductions</u>	<u>Balance 06/30/20</u>	<u>Current Portion</u>
Bonds payable	\$ 635,000	\$ -	\$ 28,000	\$ 607,000	\$ -

Long term debt payable at June 30, 2020 is comprised of the following:

Governmental activities:

Capital 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 with a book value of \$5,394 (net of \$1,799 accumulated depreciation), which is included in the machinery and equipment asset class

\$ 5,447	\$ 1,373
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\$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 with a book value of \$3,498 (net of \$699 accumulated depreciation), which is included in the machinery and equipment asset class

<u>3,407</u>	<u>968</u>
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Total capital leases payable

<u>\$ 8,854</u>	<u>\$ 2,341</u>
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Business-type activities -

\$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>\$ 607,000</u>	<u>\$ -</u>
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VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Debt service requirements on the Village’s long-term debt is as follows at of June 30, 2020:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Capital Leases		Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 2,341	\$ 715	\$ -	\$ 8,953
2022	2,548	508	29,000	17,479
2023	2,776	281	30,000	16,609
2024	1,189	30	31,000	15,709
2025	-	-	32,000	14,780
2026-2030	-	-	178,000	58,793
2031-2035	-	-	212,000	30,031
2036-2037	-	-	95,000	2,818
	<u>\$ 8,854</u>	<u>\$ 1,534</u>	<u>\$ 607,000</u>	<u>\$ 165,172</u>

During 2020, the Village incurred \$18,728 in interest expense related to the bonds payable.

(11) 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.

At June 30, 2020, the Village was not in compliance with the required deposits into the Debt Service Reserve Fund.

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(12) Operating Leases

The Village has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. These leases are for copy machines and support government activities. Operating lease expenditures for the year ended June 30, 2020 totaled \$890.

(13) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Proprietary Funds -		
Water Utility Fund	\$ 22,991	\$ -
Gas Utility Fund	-	22,991
Total	<u>\$ 22,991</u>	<u>\$ 22,991</u>

These balances resulted from short-term loans made to other funds. All interfund balances will be repaid within one year.

B. Transfers

Interfund transfers consisted of the following at June 30, 2020:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds -		
General Fund	\$ 59,016	\$124,068
Proprietary Fund -		
Water Utility Fund	46,006	-
Gas Utility Fund	-	-
Sewer Utility Fund	22,622	3,576
Total	<u>\$ 127,644</u>	<u>\$127,644</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)

(14) Compensation Paid to Elected Officials

A detail of compensation paid to elected officials for the year ended June 30, 2020 follows:

Donald Popp, Mayor	\$ 1,200
Donna Kay Bertrand, Alderman	600
Emily Mire, Alderman	600
Jo Ann V. Trahan, Alderman	600
Wayne Welsh, Chief of Police	7,300
	<u>\$ 10,300</u>

The mayor receives \$100 per month. Aldermen receive \$50 per month.

(15) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to the Mayor, follows:

Schedule of Benefits to Donald Popp, Mayor	
Salary	<u>\$ 1,200</u>

(16) Retirement Commitment

All employees of the Village of Estherwood are members of the Federal Social Security system. The Village and its employees contribute a percentage of each employee's salary to the system (7.65% contributed by the Village; 7.65% by the employee). Total covered wages for the year ended June 30, 2020 totaled \$120,253. The Village's contribution during the year ended June 30, 2020 amounted to \$9,199.

(17) 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, 2020. Such payments are recorded as intergovernmental revenues and public safety expense in the government-wide and General Fund financial statements.

(18) 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.

VILLAGE OF ESTHERWOOD, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(19) Litigation and Claims

At June 30, 2020, the Village was not involved in any lawsuits.

(20) 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, 2019, engineers estimated the closeout costs to be \$203,500 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 15 years. Amortization of the deferred outflow of \$4,930 has been reported in the Sewer Utility Fund for the year ended June 30, 2020. The Village has no assets restricted for payment of these liabilities at June 30, 2020.

(21) Current Operating Environment

The Village's proprietary funds experienced operating losses in 2020, which continued to reduce the net position and operating capital in each of those funds. Additionally, the General Fund has made transfers to those funds for operating purposes which has significantly depleted its spendable fund balance. The cash reserve levels are insufficient to sustain operations in time of decreased revenue or to fund emergency infrastructure repairs or other costs.

These conditions are the result of expenditures that have, at various times in the present and the past, exceeded recurring revenues of each fund. The Mayor and Board have reviewed expenditures and have implemented spending cuts for fiscal year 2021. These cost reductions are intended to reduce expenses to a level that will more closely align with revenues in each fund. Additionally, as mentioned in Note 22, the Village sold the gas system subsequent to June 30, 2020 to relieve the future costs of operations, maintenance, and improvements to the system. The Village's management, Mayor, and Board are working with the community and business leaders to review and monitor the cost reductions and adequacy of utility rates to improve the Village's financial condition.

(22) Subsequent Events

A. Sale of Gas System

Subsequent to year-end, the Village sold its gas system to a private company. This will allow the Village to be relieved of future costs of operations, maintenance, and improvements to the system. Cost reductions have not been determined as of the date of these financial statements.

B. COVID

As a result of the spread of the COVID 19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Village's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

VILLAGE OF ESTHERWOOD, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2020

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes -				
Property	\$ 20,000	\$ 15,195	\$ 14,225	\$ (970)
Sales taxes	51,000	47,782	55,886	8,104
Franchise - electric	30,000	32,692	32,200	(492)
Franchise - telephone	1,100	752	564	(188)
Licenses and permits -				
Licenses	23,800	20,212	20,579	367
Permits	350	665	854	189
Intergovernmental revenues -				
Federal grants	-	6,794	6,794	-
State of Louisiana:				
Housing Authority payment in lieu of taxes	-	8,030	8,030	-
Beer taxes	1,000	1,001	1,160	159
Supplemental pay	-	1,200	1,200	-
State highway maintenance fees	3,200	3,200	3,200	-
Fines and forfeits	55,000	92,061	92,838	777
Interest income	3	47	60	13
Miscellaneous	1,500	7,342	11,359	4,017
Total revenues	<u>186,953</u>	<u>236,973</u>	<u>248,949</u>	<u>11,976</u>
<b>Expenditures:</b>				
Current -				
General government	69,345	93,289	86,781	6,508
Public safety	57,900	58,819	47,918	10,901
Public works	41,500	41,364	36,381	4,983
Debt service	-	3,656	3,656	-
Capital outlay	-	10,715	9,431	1,284
Total expenditures	<u>168,745</u>	<u>207,843</u>	<u>184,167</u>	<u>23,676</u>
Excess of revenues over expenditures	<u>18,208</u>	<u>29,130</u>	<u>64,782</u>	<u>35,652</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital leases	-	4,197	4,197	-
Transfers in	-	-	59,016	59,016
Transfers out	-	(28,543)	(124,068)	(95,525)
Total other financing sources (uses)	<u>-</u>	<u>(24,346)</u>	<u>(60,855)</u>	<u>(36,509)</u>
Net change in fund balance	18,208	4,784	3,927	(857)
Fund balance, beginning	<u>7,074</u>	<u>7,074</u>	<u>7,074</u>	<u>-</u>
Fund balance, ending	<u>\$ 25,282</u>	<u>\$ 11,858</u>	<u>\$ 11,001</u>	<u>\$ (857)</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.



**OTHER SUPPLEMENTARY INFORMATION**

VILLAGE OF ESTHERWOOD, LOUISIANA

Statement of Net Position

June 30, 2020

With Comparative Totals for June 30, 2019

	2020			2019 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 19,100	\$ 71,873	\$ 90,973	\$ 37,099
Receivables, net	7,681	32,884	40,565	37,596
Due from other governmental units	18,137	-	18,137	17,072
Total current assets	<u>44,918</u>	<u>104,757</u>	<u>149,675</u>	<u>91,767</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	89,581	89,581	73,042
Capital assets:				
Land	10,479	37,480	47,959	47,959
Capital assets, net	<u>338,310</u>	<u>2,114,965</u>	<u>2,453,275</u>	<u>2,568,189</u>
Total noncurrent assets	<u>348,789</u>	<u>2,242,026</u>	<u>2,590,815</u>	<u>2,689,190</u>
Total assets	<u>393,707</u>	<u>2,346,783</u>	<u>2,740,490</u>	<u>2,780,957</u>
<b>DEFERRED OUTFLOWS:</b>				
Retirement of sewerage treatment facility	<u>-</u>	<u>54,424</u>	<u>54,424</u>	<u>59,354</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	33,917	30,599	64,516	55,736
Unearned revenue	-	1,942	1,942	1,942
Customers' deposits	-	50,637	50,637	47,667
Capital leases payable	<u>2,341</u>	<u>-</u>	<u>2,341</u>	<u>1,297</u>
Total current liabilities	<u>36,258</u>	<u>83,178</u>	<u>119,436</u>	<u>106,642</u>
Noncurrent liabilities:				
Capital leases payable	6,513	-	6,513	5,446
Bonds payable	-	607,000	607,000	635,000
Cost of retirement, sewerage treatment facility	<u>-</u>	<u>203,500</u>	<u>203,500</u>	<u>203,500</u>
Total noncurrent liabilities	<u>6,513</u>	<u>810,500</u>	<u>817,013</u>	<u>843,946</u>
Total liabilities	<u>42,771</u>	<u>893,678</u>	<u>936,449</u>	<u>950,588</u>
<b>NET POSITION</b>				
Net investment in capital assets	339,935	1,545,445	1,885,380	1,974,405
Restricted	255	38,944	39,199	25,375
Unrestricted (deficit)	<u>10,746</u>	<u>(76,860)</u>	<u>(66,114)</u>	<u>(110,057)</u>
Total net position	<u>\$ 350,936</u>	<u>\$ 1,507,529</u>	<u>\$ 1,858,465</u>	<u>\$ 1,889,723</u>

VILLAGE OF ESTHERWOOD, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020				2019 Actual
	Budget		Actual	Variance - Positive (Negative)	
	Original	Final			
<b>Revenues:</b>					
Taxes -					
Property	\$ 20,000	\$ 15,195	\$ 14,225	\$ (970)	\$ 14,211
Sales taxes	51,000	47,782	55,886	8,104	63,652
Franchise - electric	30,000	32,692	32,200	(492)	31,754
Franchise - telephone	1,100	752	564	(188)	805
Licenses and permits -					
Licenses	23,800	20,212	20,579	367	21,702
Permits	350	665	854	189	670
Intergovernmental revenues -					
Federal grants	-	6,794	6,794	-	4,893
State of Louisiana:					
Housing Authority payment in lieu of taxes	-	8,030	8,030	-	7,135
Beer taxes	1,000	1,001	1,160	159	911
Supplemental pay	-	1,200	1,200	-	1,200
State highway maintenance fees	3,200	3,200	3,200	-	3,200
Fines and forfeits	55,000	92,061	92,838	777	91,863
Interest income	3	47	60	13	23
Miscellaneous	1,500	7,342	11,359	4,017	4,185
<b>Total revenues</b>	<u>186,953</u>	<u>236,973</u>	<u>248,949</u>	<u>11,976</u>	<u>246,204</u>
<b>Expenditures:</b>					
Current -					
General government	69,345	93,289	86,781	6,508	80,182
Public safety	57,900	58,819	47,918	10,901	59,002
Public works	41,500	41,364	36,381	4,983	40,873
Debt service	-	3,656	3,656	-	550
Capital outlay	-	10,715	9,431	1,284	8,000
<b>Total expenditures</b>	<u>168,745</u>	<u>207,843</u>	<u>184,167</u>	<u>23,676</u>	<u>188,607</u>
<b>Excess of revenues over expenditures</b>	<u>18,208</u>	<u>29,130</u>	<u>64,782</u>	<u>35,652</u>	<u>57,597</u>
<b>Other financing sources (uses):</b>					
Proceeds from capital lease	-	4,197	4,197	-	-
Transfers in	-	-	59,016	59,016	87,059
Transfers out	(11,200)	(28,543)	(124,068)	(95,525)	(310,635)
<b>Total other financing sources (uses)</b>	<u>(11,200)</u>	<u>(24,346)</u>	<u>(60,855)</u>	<u>(36,509)</u>	<u>(223,576)</u>
<b>Net change in fund balance</b>	7,008	4,784	3,927	(857)	(165,979)
Fund balance, beginning	<u>7,074</u>	<u>7,074</u>	<u>7,074</u>	<u>-</u>	<u>173,053</u>
Fund balance, ending	<u>\$ 14,082</u>	<u>\$ 11,858</u>	<u>\$ 11,001</u>	<u>\$ (857)</u>	<u>\$ 7,074</u>

VILLAGE OF ESTHERWOOD, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Actual	Variance - Positive (Negative)	2019 Actual
	Budget				
	Original	Final			
Current -					
General government:					
Salaries, wages, and taxes	\$ 2,000	\$ 6,371	\$ 5,115	\$ 1,256	\$ 6,488
Insurance	10,920	11,864	10,147	1,717	15,057
Office expense and supplies	6,000	6,313	6,829	(516)	6,065
Professional services	26,000	33,766	34,454	(688)	12,894
Repairs and maintenance	4,000	5,932	5,041	891	10,002
Utilities and telephone	12,000	17,527	16,970	557	17,068
Travel and training	4,000	5,144	4,644	500	9,749
Miscellaneous	4,425	6,372	3,581	2,791	2,859
Total general government	<u>69,345</u>	<u>93,289</u>	<u>86,781</u>	<u>6,508</u>	<u>80,182</u>
Public safety:					
Police department -					
Salaries, wages, and taxes	14,600	16,862	13,450	3,412	13,566
Insurance	7,500	7,162	6,421	741	9,182
Repairs and maintenance	15,000	14,202	5,948	8,254	11,871
Telephone and utilities	1,600	2,410	2,118	292	1,184
Materials and supplies	11,200	12,201	12,064	137	12,780
Court costs	8,000	5,982	7,737	(1,755)	10,094
Miscellaneous	-	-	180	(180)	325
Total public safety	<u>57,900</u>	<u>58,819</u>	<u>47,918</u>	<u>10,901</u>	<u>59,002</u>
Public works:					
Salaries, wages, and taxes	41,000	31,658	23,588	8,070	36,256
Materials and supplies	500	4,839	7,926	(3,087)	899
Professional services	-	2,591	2,591	-	3,110
Repairs and maintenance	-	2,276	2,276	-	608
Total public works	<u>41,500</u>	<u>41,364</u>	<u>36,381</u>	<u>4,983</u>	<u>40,873</u>
Debt service:					
Principal	-	2,086	2,086	-	450
Interest	-	1,570	1,570	-	100
Total debt service	<u>-</u>	<u>3,656</u>	<u>3,656</u>	<u>-</u>	<u>550</u>
Capital outlay	-	10,715	9,431	-	8,000
Total expenditures	<u>\$ 168,745</u>	<u>\$ 207,843</u>	<u>\$ 184,167</u>	<u>\$ 22,392</u>	<u>\$ 188,607</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Comparative Statement of Net Position  
Enterprise Funds  
June 30, 2020 and 2019

	Utility Funds	
	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 71,873	\$ 30,977
Receivables -		
Accounts, net	23,463	21,064
Unbilled utility receivables	9,421	8,717
Due from other governmental units	-	1,825
Total current assets	<u>104,757</u>	<u>62,583</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	89,581	72,763
Capital assets -		
Land	37,480	37,480
Capital assets, net	<u>2,114,965</u>	<u>2,213,955</u>
Total noncurrent assets	<u>2,242,026</u>	<u>2,324,198</u>
Total assets	<u>2,346,783</u>	<u>2,386,781</u>
<b>DEFERRED OUTFLOWS:</b>		
Retirement of sewerage treatment facility	<u>54,424</u>	<u>59,354</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts and other payables	30,599	33,347
Unearned revenue	1,942	1,942
Payable from restricted assets -		
Customers' deposits	<u>50,637</u>	<u>47,667</u>
Total current liabilities	<u>83,178</u>	<u>82,956</u>
Noncurrent liabilities:		
Revenue bonds payable	607,000	635,000
Cost of retirement, sewerage treatment facility	<u>203,500</u>	<u>203,500</u>
Total noncurrent liabilities	<u>810,500</u>	<u>838,500</u>
Total liabilities	<u>893,678</u>	<u>921,456</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,545,445	1,616,435
Restricted	38,944	25,096
Unrestricted (deficit)	<u>(76,860)</u>	<u>(116,852)</u>
Total net position	<u>\$ 1,507,529</u>	<u>\$ 1,524,679</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

Enterprise Funds

Utility Funds

Comparative Departmental Analysis of Revenues and Expenses  
Years Ended June 30, 2020 and 2019

	Water Utility Fund		Gas Utility Fund		Sewer Utility Fund		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Operating revenue:</b>								
Charges for services	\$ 131,386	\$ 139,221	\$ 66,338	\$ 70,781	\$ 83,874	\$ 84,362	\$ 281,598	\$ 294,364
Other	145	214	-	2	-	-	145	216
Total operating revenues	<u>131,531</u>	<u>139,435</u>	<u>66,338</u>	<u>70,783</u>	<u>83,874</u>	<u>84,362</u>	<u>281,743</u>	<u>294,580</u>
<b>Operating expenses:</b>								
Salaries	27,211	34,623	27,190	20,185	28,769	29,856	83,170	84,664
Payroll taxes	2,040	2,656	1,996	1,544	2,019	2,277	6,055	6,477
Group insurance	1,002	5,075	1,002	3,086	1,002	4,357	3,006	12,518
Utilities and telephone	6,761	6,486	1,538	1,256	9,843	8,646	18,142	16,388
Repairs and maintenance	15,212	20,011	687	8,418	25,778	19,465	41,677	47,894
Legal and professional	-	-	573	3,580	-	-	573	3,580
Insurance	3,447	5,954	6,588	4,845	1,224	6,842	11,259	17,641
Operating supplies	14,954	20,977	15,210	21,488	1,103	8,056	31,267	50,521
Office supplies and expense	4,510	9,175	1,364	3,311	7,262	25,899	13,136	38,385
Inspection and testing	-	-	11,224	12,680	-	-	11,224	12,680
Engineering fees	1,827	1,477	1,164	-	-	28	2,991	1,505
Bad debt expense	3,785	2,700	-	1,100	-	1,600	3,785	5,400
Depreciation and amortization	62,915	38,716	1,140	1,188	49,049	48,502	113,104	88,406
Other	4,219	3,753	1,167	-	449	377	5,835	4,130
Total operating expenses	<u>147,883</u>	<u>151,603</u>	<u>70,843</u>	<u>82,681</u>	<u>126,498</u>	<u>155,905</u>	<u>345,224</u>	<u>390,189</u>
Operating (loss)	<u>(16,352)</u>	<u>(12,168)</u>	<u>(4,505)</u>	<u>(11,898)</u>	<u>(42,624)</u>	<u>(71,543)</u>	<u>(63,481)</u>	<u>(95,609)</u>
<b>Non-operating revenues (expenses):</b>								
Interest income	-	259	7	-	-	2	7	261
Interest expense	<u>(18,728)</u>	<u>(19,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,728)</u>	<u>(19,976)</u>
Total non-operating revenues (expenses)	<u>(18,728)</u>	<u>(19,717)</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>(18,721)</u>	<u>(19,715)</u>
Loss before contributions and transfers	<u>(35,080)</u>	<u>(31,885)</u>	<u>(4,498)</u>	<u>(11,898)</u>	<u>(42,624)</u>	<u>(71,541)</u>	<u>(82,202)</u>	<u>(115,324)</u>
Capital contributions	-	45,109	-	-	-	-	-	45,109
<b>Transfers in (out):</b>								
Transfers in	46,006	111,522	-	69,617	22,622	49,025	68,628	230,164
Transfers out	-	-	-	-	(3,576)	(6,588)	(3,576)	(6,588)
Total transfers in (out)	<u>46,006</u>	<u>111,522</u>	<u>-</u>	<u>69,617</u>	<u>19,046</u>	<u>42,437</u>	<u>65,052</u>	<u>223,576</u>
Change in net position	10,926	124,746	(4,498)	57,719	(23,578)	(29,104)	(17,150)	153,361
Net position, beginning	<u>662,324</u>	<u>537,578</u>	<u>11,456</u>	<u>(46,263)</u>	<u>850,899</u>	<u>880,003</u>	<u>1,524,679</u>	<u>1,371,318</u>
Net position, ending	<u>\$ 673,250</u>	<u>\$ 662,324</u>	<u>\$ 6,958</u>	<u>\$ 11,456</u>	<u>\$ 827,321</u>	<u>\$ 850,899</u>	<u>\$ 1,507,529</u>	<u>\$ 1,524,679</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

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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 Donald Popp, 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, 2020, 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 30, 2020.

### Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2020-001 through 2020-003 to be material weaknesses.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2020-004.

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

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

### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Lafayette, Louisiana  
December 10, 2020

VILLAGE OF ESTHERWOOD, LOUISIANA

Summary 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 Findings –

**2020-001** Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2011

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

CRITERIA: The Village should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Village, there are a small number of available employees.

EFFECT: The Village has employees that are performing more than one related function.

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

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**2020-002** Reserves and Financial Monitoring

Fiscal year finding initially occurred: 2017

CONDITION: The Village's operating reserves have experienced decline. The primary cause of the decline in reserves is operating deficits of the proprietary (utility) funds.

CRITERIA: The Village's policies and procedures should include internal controls to monitor performance of the Village's financial activity and ensure that operating reserves are monitored at a level to sustain the Village's operations any potential unexpected events.

CAUSE: The Village's internal controls established for monitoring overall financial performance and reviewing reserve amounts are not adequate.

EFFECT: The Village's reserves, especially in the proprietary (utility) funds, are lower than would be expected.

RECOMMENDATION: The Village should establish a formal, written plan of action on how to increase its operating reserves. This plan should include formal monitoring of the Village's finances. Additionally, the Board should take action to ensure the operating deficits are eliminated, including raising utility rates, cutting costs, or both.

MANAGEMENT'S CORRECTION ACTION PLAN: The Village understands these financial concerns. They will work to develop a plan of action to address these financial concerns.

VILLAGE OF ESTHERWOOD, LOUISIANA

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

**2020-003** Reconciliation of Police Citations

Fiscal year finding initially occurred: 2019

**CONDITION:** The Village does not have policies and procedures established to track police citations issued as compared to cash collections of citation receipts.

**CRITERIA:** The Village's policies and procedures should include internal controls relating to the tracking and reconciliation of citation receipts.

**CAUSE:** The design of internal controls with respect to the police citation process is not adequate.

**EFFECT:** The design of internal controls is not adequate to ensure that all citations issued are sent to the Village office for processing and collection.

**RECOMMENDATION:** The police chief, or other assigned employee, should monitor ticket citation books to ensure police officers are issuing citations. Additionally, the Village should implement policies and procedures to track police citations sequentially, once issued, and compare cash collections of citations to the general ledger.

**MANAGEMENT'S CORRECTION ACTION PLAN:** The Village will implement policies and procedures to monitor ticket citation books to ensure police officers are issuing citations.

B. Compliance Findings –

**2020-004** Bond Covenants

Fiscal year finding initially occurred: 2019

**CONDITION:** The Village's payments into the Debt Service Reserve Fund were not in compliance with the debt covenants.

**CRITERIA:** The debt covenants of the Village's Taxable Utilities Revenue Bonds, Series 2014 requires a monthly deposit into the Debt Service Reserve Fund of 25% of the amount deposited into the Utilities Revenue Bonds Debt Service Fund.

**CAUSE:** The Village's internal controls established for issuance and payment of debt as well as compliance with debt covenants did not ensure that the required amount was deposited.

**EFFECT:** The Village is not in compliance with the provisions set forth in the Taxable Utilities Revenue Bonds, Series 2014.

**RECOMMENDATION:** The Village should periodically review all bond covenants and ensure that the Village is in compliance. Additionally, the Village should develop a plan, in coordination with the holder of the bonds, to review utility rates and operating costs and make appropriate adjustments to come into compliance with the covenants.

**MANAGEMENT'S CORRECTION ACTION PLAN:** The Village will periodically review all bond covenants and ensure that the Village is in compliance.

VILLAGE OF ESTHERWOOD, LOUISIANA

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

C. Management Letter –

A management letter was issued related to operating deficits in the Water, Gas, and Sewer Enterprise Funds.

Part II. Prior Year Findings

A. Internal Control Findings -

**2019-001** 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 2020-001.

**2019-002** Reserves and Financial Monitoring

Fiscal year finding initially occurred: 2017

CONDITION: The Village did not monitor performance of its financial activity and ensure that operating reserves are monitored at a level to sustain the Village's operations and any potential unexpected events.

RECOMMENDATION: The Village should establish a formal, written plan of action on how to increase its operating reserves.

CURRENT STATUS: Unresolved. See finding 2020-002.

**2019-003** Reconciliation of Police Citations

Fiscal year finding initially occurred: 2019

CONDITION: The Village does not have policies and procedures established to track police citations issued as compared to cash collections of citation receipts.

RECOMMENDATION: The police chief, or other assigned employee, should monitor ticket citation books to ensure police officers are issuing citations. Additionally, the Village should implement policies and procedures to track police citations sequentially, once issued, and compare cash collections of citations to the general ledger.

CURRENT STATUS: Unresolved. See finding 2020-003.

VILLAGE OF ESTHERWOOD, LOUISIANA

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

B. Compliance Findings -

**2019-004** Local Government Budget Act

Fiscal year finding initially occurred: 2019

CONDITION: The Village's adopted budget did not include accurate beginning of year and end of year fund balance amounts. Additionally, the Village's final amended budget proposed expenditures exceeding the total estimated funds available for the fiscal year.

RECOMMENDATION: The Village should comply with the requirements of Louisiana Revised Statute 39:1305 and all requirements of the Local Government Budget Act.

CURRENT STATUS: Resolved.

**2019-005** Timely Submission of Audit Report to Legislative Auditor

Fiscal year finding initially occurred: 2019

CONDITION: The Village did not meet the required deadline for reporting to the State of Louisiana, which was identified as January 2, 2020 by LLA.

RECOMMENDATION: The Village should complete all financial analysis timely and provide necessary documentation to the auditor timely in the future.

CURRENT STATUS: Resolved.

**2019-006** Bond Covenants

Fiscal year finding initially occurred: 2019

CONDITION: The Village's utility rates are not at a sufficient level to cover expenses and other required items, as listed in the debt covenants.

RECOMMENDATION: The Village should periodically review all bond covenants and ensure that the Village is in compliance. Additionally, the Village should develop a plan, in coordination with the holder of the bonds, to review utility rates and operating costs and make appropriate adjustments to come into compliance with the covenants.

CURRENT STATUS: Partially resolved. See finding 2020-004.

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## MANAGEMENT LETTER

The Honorable Donald Popp, 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, 2020, and submit the following recommendation for your consideration:

The Water, Gas, and Sewer Enterprise Funds experienced operating losses of \$16,352, \$4,505, and \$42,624 respectively 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

Lafayette, Louisiana  
December 10, 2020