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VILLAGE OF ESTHERWOOD, LOUISIANA
FINANCIAL REPORT
JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

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INDEPENDENT ACCOUNTANTS' REPORT

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To the Honorable Billy Maples, Mayor,
and the Board of Aldermen
Village of Estherwood, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Estherwood, Louisiana as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements, as listed in the table of contents. Village of Estherwood, Louisiana's management is responsible for these financial statements.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards issued by the Comptroller General of the United States of America. A review consists principally of inquiries of the Village of Estherwood, Louisiana's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of State law, we have issued a report dated November 14, 2007 on the results of our agreed-upon procedures.

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison schedules on pages 36 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have compiled the budgetary comparison schedules from information that is the representation of management of the Village of Estherwood, Louisiana without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Broussard, Poché, Lewis & Breaux, L.L.P.

Lafayette, Louisiana

November 14, 2007

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF NET ASSETS

June 30, 2007

See Accountants' Review Report

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash	\$ 18,084	\$ 20,971	\$ 39,055
Accounts receivable, net	-	12,124	12,124
Unbilled services receivable	-	6,111	6,111
Franchise fee receivable	8,853	-	8,853
Due from other governmental agencies	7,817	-	7,817
Internal balances	277,436	(277,436)	-
Restricted assets:			
Cash	-	14,054	14,054
Certificates of deposit	-	10,075	10,075
Capital assets:			
Non-depreciable	10,479	37,480	47,959
Depreciable, net	<u>167,533</u>	<u>1,037,783</u>	<u>1,205,316</u>
Total assets	<u>\$ 490,202</u>	<u>\$ 861,162</u>	<u>\$ 1,351,364</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 6,514	\$ 8,587	\$ 15,101
Accrued liabilities	21	329	350
Customer deposits	<u>-</u>	<u>24,584</u>	<u>24,584</u>
Total liabilities	<u>\$ 6,535</u>	<u>\$ 33,500</u>	<u>\$ 40,035</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 178,012	\$ 1,075,263	\$ 1,253,275
Unrestricted	<u>305,655</u>	<u>(247,601)</u>	<u>58,054</u>
Total net assets	<u>\$ 483,667</u>	<u>\$ 827,662</u>	<u>\$ 1,311,329</u>
Total liabilities and net assets	<u>\$ 490,202</u>	<u>\$ 861,162</u>	<u>\$ 1,351,364</u>

See Notes to Financial Statements.

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VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007
See Accountants' Review Report

Functions/Programs	Expenses	Program Revenues	
		Fees, Fines, and Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 43,897	\$ -	\$ 424
Public safety	13,052	9,810	-
Public works	56,041	3,462	-
Culture and recreation	50	-	-
Total governmental activities	<u>\$ 113,040</u>	<u>\$ 13,272</u>	<u>\$ 424</u>
Business-type activities:			
Water	\$ 83,120	\$ 69,423	\$ -
Gas	96,339	74,830	-
Sewer	94,688	51,866	15,281
Total business-type activities	<u>\$ 274,147</u>	<u>\$ 196,119</u>	<u>\$ 15,281</u>
Total	<u>\$ 387,187</u>	<u>\$ 209,391</u>	<u>\$ 15,705</u>

General revenues:

Taxes -

 Property

 Sales and use

 Franchise

 Other

 Licenses and permits

Grants and contributions not
restricted to specific
programs

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

Net (Expense) Revenue and Change in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (43,473)	\$ -	\$ (43,473)
(3,242)	-	(3,242)
(52,579)	-	(52,579)
<u>(50)</u>	<u>-</u>	<u>(50)</u>
<u>\$ (99,344)</u>	<u>\$ -0-</u>	<u>\$ (99,344)</u>
\$ -	\$ (13,697)	\$ (13,697)
-	(21,509)	(21,509)
<u>-</u>	<u>(27,541)</u>	<u>(27,541)</u>
<u>\$ -0-</u>	<u>\$ (62,747)</u>	<u>\$ (62,747)</u>
<u>\$ (99,344)</u>	<u>\$ (62,747)</u>	<u>\$ (162,091)</u>
\$ 10,071	\$ -	\$ 10,071
32,682	-	32,682
37,388	-	37,388
4,360	-	4,360
16,430	-	16,430
952	-	952
62	362	424
7,289	6,495	13,784
<u>\$ 109,234</u>	<u>\$ 6,857</u>	<u>\$ 116,091</u>
\$ 9,890	\$ (55,890)	\$ (46,000)
<u>473,777</u>	<u>883,552</u>	<u>1,357,329</u>
<u>\$ 483,667</u>	<u>\$ 827,662</u>	<u>\$ 1,311,329</u>

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FUND FINANCIAL STATEMENTS

VILLAGE OF ESTHERWOOD, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2007

See Accountants' Review Report

ASSETS	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Cash	\$ 8,377	\$ 9,700	\$ 7	\$ 18,084
Due from other governmental agencies	1,852	3,052	-	4,904
Franchise fee receivable	8,853	-	-	8,853
Due from other funds	<u>258,954</u>	<u>70,772</u>	<u>-</u>	<u>329,726</u>
Total assets	<u>\$278,036</u>	<u>\$83,524</u>	<u>\$ 7</u>	<u>\$ 361,567</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 5,926	\$ 588	\$ -	\$ 6,514
Accrued expenses	21	-	-	21
Due to other funds	<u>52,290</u>	<u>-</u>	<u>-</u>	<u>52,290</u>
Total liabilities	<u>\$ 58,237</u>	<u>\$ 588</u>	<u>\$ -0-</u>	<u>\$ 58,825</u>
FUND BALANCES				
Unreserved and undesignated	<u>\$219,799</u>	<u>\$82,936</u>	<u>\$ 7</u>	<u>\$ 302,742</u>
Total liabilities and fund balances	<u>\$278,036</u>	<u>\$83,524</u>	<u>\$ 7</u>	<u>\$ 361,567</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007
See Accountants' Review Report

Total fund balances - governmental funds \$ 302,742

Total net assets reported for governmental
activities in the statement of net assets
is different because:

Capital assets used in governmental
activities are not financial resources
and are therefore not reported in the
funds.

Capital assets, net 178,012

Some revenues were not considered measurable
at year end and therefore not available
soon enough to pay for current period
expenditures.

2,913

Net assets of governmental activities

\$ 483,667

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

June 30, 2007

See Accountants' Review Report

	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 51,819	\$34,041	\$ -	\$ 85,860
Licenses and permits	16,720	-	-	16,720
Intergovernmental	952	-	424	1,376
Charges for services	3,172	-	-	3,172
Fines	9,810	-	-	9,810
Investment income	58	4	-	62
Miscellaneous	7,289	-	-	7,289
Total revenues	<u>\$ 89,820</u>	<u>\$34,045</u>	<u>\$ 424</u>	<u>\$ 124,289</u>
Expenditures:				
Current -				
General government	\$ 22,840	\$17,131	\$ -	\$ 39,971
Public safety	12,650	-	-	12,650
Public works	31,410	-	-	31,410
Culture and recreation	50	-	-	50
Capital outlay	1,530	295	429	2,254
Total expenditures	<u>\$ 68,480</u>	<u>\$17,426</u>	<u>\$ 429</u>	<u>\$ 86,335</u>
Net change in fund balances	\$ 21,340	\$16,619	\$ (5)	\$ 37,954
Fund balances, beginning	<u>198,459</u>	<u>66,317</u>	<u>12</u>	<u>264,788</u>
Fund balances, ending	<u>\$219,799</u>	<u>\$82,936</u>	<u>\$ 7</u>	<u>\$ 302,742</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

See Accountants' Review Report

Net change in fund balances - total governmental funds	\$ 37,954
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The change in net assets 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	\$ 1,530	
Depreciation expense	<u>(28,235)</u>	(26,705)

Because some revenues are not measurable at year end, they are not considered "available" revenues in the governmental funds.

Sales taxes	<u>(1,359)</u>
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Change in net assets of governmental activities	<u>\$ 9,890</u>
-------------------------------------------------	-----------------

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

June 30, 2007

See Accountants' Review Report

ASSETS	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
CURRENT ASSETS				
Cash	\$ 5,800	\$ 5,780	\$ 9,391	\$ 20,971
Accounts receivable, net	5,126	3,281	3,717	12,124
Unbilled services receivable	2,697	1,477	1,937	6,111
Due from other funds	<u>16,137</u>	<u>14,356</u>	<u>-</u>	<u>30,493</u>
Total current assets	<u>\$ 29,760</u>	<u>\$ 24,894</u>	<u>\$ 15,045</u>	<u>\$ 69,699</u>
RESTRICTED ASSETS				
Cash	\$ 5,058	\$ 3,935	\$ 5,061	\$ 14,054
Certificates of deposit	<u>4,267</u>	<u>2,785</u>	<u>3,023</u>	<u>10,075</u>
Total restricted assets	<u>\$ 9,325</u>	<u>\$ 6,720</u>	<u>\$ 8,084</u>	<u>\$ 24,129</u>
CAPITAL ASSETS				
Non-depreciable	\$ -	\$ -	\$ 37,480	\$ 37,480
Depreciable, net	<u>164,544</u>	<u>5,268</u>	<u>867,971</u>	<u>1,037,783</u>
Total capital assets	<u>\$164,544</u>	<u>\$ 5,268</u>	<u>\$905,451</u>	<u>\$1,075,263</u>
 Total assets	 <u>\$203,629</u>	 <u>\$ 36,882</u>	 <u>\$928,580</u>	 <u>\$1,169,091</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
CURRENT LIABILITIES (payable from current assets)				
Accounts payable	\$ 2,752	\$ 2,789	\$ 3,046	\$ 8,587
Accrued expenses	28	301	-	329
Due to other funds	<u>111,735</u>	<u>103,912</u>	<u>92,282</u>	<u>307,929</u>
Total current liabilities (payable from current assets)	<u>\$114,515</u>	<u>\$107,002</u>	<u>\$ 95,328</u>	<u>\$ 316,845</u>
CURRENT LIABILITIES (payable from restricted assets)				
Customers' deposits	<u>\$ 9,550</u>	<u>\$ 6,720</u>	<u>\$ 8,314</u>	<u>\$ 24,584</u>
Total liabilities	<u>\$124,065</u>	<u>\$113,722</u>	<u>\$103,642</u>	<u>\$ 341,429</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$164,544	\$ 5,268	\$905,451	\$1,075,263
Unrestricted	<u>(84,980)</u>	<u>(82,108)</u>	<u>(80,513)</u>	<u>(247,601)</u>
Total net assets	<u>\$ 79,564</u>	<u>\$ (76,840)</u>	<u>\$824,938</u>	<u>\$ 827,662</u>
Total liabilities and net assets	<u>\$203,629</u>	<u>\$ 36,882</u>	<u>\$928,580</u>	<u>\$1,169,091</u>

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VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
Year Ended June 30, 2007
See Accountants' Review Report

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
Operating revenues:				
Charges for services	\$ 69,423	\$ 74,830	\$ 51,866	\$ 196,119
Miscellaneous	<u>2,591</u>	<u>2,758</u>	<u>1,146</u>	<u>6,495</u>
Total operating revenues	<u>\$ 72,014</u>	<u>\$ 77,588</u>	<u>\$ 53,012</u>	<u>\$ 202,614</u>
Operating expenses:				
Salaries and payroll taxes	\$ 21,922	\$ 21,075	\$ 21,853	\$ 64,850
Materials and supplies	13,687	3,880	6,342	23,909
Office expenses	1,256	1,268	1,002	3,526
Depreciation	9,248	1,606	33,850	44,704
Utilities and telephone	5,984	281	10,702	16,967
Fuel purchased	-	50,097	-	50,097
Professional services	1,925	1,940	3,191	7,056
Repairs and maintenance	23,502	5,531	12,796	41,829
Insurance	4,070	5,441	1,795	11,306
Miscellaneous	<u>1,526</u>	<u>5,220</u>	<u>3,157</u>	<u>9,903</u>
Total operating expenses	<u>\$ 83,120</u>	<u>\$ 96,339</u>	<u>\$ 94,688</u>	<u>\$ 274,147</u>
Operating loss	<u>\$ (11,106)</u>	<u>\$ (18,751)</u>	<u>\$ (41,676)</u>	<u>\$ (71,533)</u>
Nonoperating revenues (expenses):				
Investment income	\$ 116	\$ 98	\$ 148	\$ 362
Grant revenue	<u>-</u>	<u>-</u>	<u>15,281</u>	<u>15,281</u>
Total nonoperating revenues (expenses)	<u>\$ 116</u>	<u>\$ 98</u>	<u>\$ 15,429</u>	<u>\$ 15,643</u>
Change in net assets	<u>\$ (10,990)</u>	<u>\$ (18,653)</u>	<u>\$ (26,247)</u>	<u>\$ (55,890)</u>
Net assets, beginning	<u>90,554</u>	<u>(58,187)</u>	<u>851,185</u>	<u>883,552</u>
Net assets, ending	<u>\$ 79,564</u>	<u>\$ (76,840)</u>	<u>\$824,938</u>	<u>\$ 827,662</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
 Year Ended June 30, 2007
 See Accountants' Review Report

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 72,747	\$ 76,968	\$ 53,457	\$ 203,172
Payments to suppliers	(50,258)	(73,714)	(37,726)	(161,698)
Payments to employees	(22,045)	(1,056)	(13,988)	(37,089)
Other receipts	20	977	-	997
Net cash provided by operating activities	<u>\$ 464</u>	<u>\$ 3,175</u>	<u>\$ 1,743</u>	<u>\$ 5,382</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in customers' deposits, net	<u>\$ 295</u>	<u>\$ (140)</u>	<u>\$ 360</u>	<u>\$ 515</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>\$ 116</u>	<u>\$ 98</u>	<u>\$ 148</u>	<u>\$ 362</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	\$ -	\$ -	\$ (15,403)	\$ (15,403)
Grant revenue	<u>-</u>	<u>-</u>	<u>15,281</u>	<u>15,281</u>
Net cash used in capital and related financing activities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (122)</u>	<u>\$ (122)</u>
Net increase in cash	\$ 875	\$ 3,133	\$ 2,129	\$ 6,137
Cash, beginning	<u>9,983</u>	<u>6,582</u>	<u>12,323</u>	<u>28,888</u>
Cash, ending	<u>\$ 10,858</u>	<u>\$ 9,715</u>	<u>\$ 14,452</u>	<u>\$ 35,025</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
 Year Ended June 30, 2007
 See Accountants' Review Report

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	\$(11,106)	\$(18,751)	\$(41,676)	\$ (71,533)
Adjustments to reconcile operating loss to net cash provided by operating activities -				
Depreciation	9,248	1,606	33,850	44,704
Change in assets and liabilities:				
Increase in accounts receivable	725	351	445	1,521
Increase (decrease) in due from/to other funds	(123)	20,019	7,865	27,761
(Increase) decrease in accounts payable and accrued liabilities	1,720	(50)	1,259	2,929
Net cash provided by operating activities	<u>\$ 464</u>	<u>\$ 3,175</u>	<u>\$ 1,743</u>	<u>\$ 5,382</u>
CASH REPORTED ON STATEMENT OF NET ASSETS				
AS:				
Current	\$ 5,800	\$ 5,780	\$ 9,391	\$ 20,971
Restricted	<u>5,058</u>	<u>3,935</u>	<u>5,061</u>	<u>14,054</u>
	<u>\$ 10,858</u>	<u>\$ 9,715</u>	<u>\$ 14,452</u>	<u>\$ 35,025</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

Note 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 as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Village are described below.

Financial reporting entity:

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

The Village was incorporated in 1901, under the Lawrason Act. The Village operates under a 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 enterprise activities, which provide water, gas, and sewer services.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit, or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the above criteria, the Village does not have any component units.

Basis of presentation:

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The minimum number of funds maintained by the Village is consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

The basic financial statements include both government-wide (reporting on the government of the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, public works, culture and recreation, and general administrative services are classified as governmental activities. The Village's water, gas, and sewer operations are classified as business-type activities.

Government-wide financial statements -

The government-wide financial statements include a statement of net assets and statement of activities. These statements report financial information about the Village as a whole. In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported as interfund activity and balances in the fund financial

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities and the business-type activities columns of the government-wide financial statements.

In the statement of net assets, the governmental activities column (1) is presented on a consolidated basis by column, and (2) is reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A "function" is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses associated with a distinct functional activity. Program revenues includes: (1) charges for services which report fees, fines, and forfeits, and other charges to users of the Village's services, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included as a direct expense of each function. Interest on long-term debt is also specifically identified by activity and is reported as such in the statement of activities. The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Village's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

General Fund - used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund - used to account for the collection and disbursement of the Village's 1% sales and use tax levied. These taxes are dedicated as described in Note 8.

The Village reports the following major proprietary funds:

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

Gas Utility Fund - used to account for the provision of natural gas services to the residents of the Village.

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds are summarized into a single column. GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Proprietary funds are reported in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." This Statement requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS
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GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Village have elected not to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by the GASB.

Basis of accounting - measurement focus:

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide and proprietary fund financial statements -

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Governmental fund financial statements -

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed

NOTES TO FINANCIAL STATEMENTS
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income, gross receipts, and sales and use taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditure-driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate, and (2) principal and interest on general long-term debt which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Village has no cash equivalents at June 30, 2007.

Investments:

Under State law, the Village may invest in United States bonds, treasury notes or certificates, or 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. The Village's investments at June 30, 2007, consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are not subject to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," and are therefore stated at cost.

Custodial credit risk:

The Village is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Village's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Village's name. Accordingly, the Village had no custodial credit risk related to its deposits at June 30, 2007.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

Receivables:

Accounts receivable for the Water, Gas and Sewer Utility Funds are reported net of an allowance for doubtful accounts. The allowance amount at June 30, 2007 for the Water, Gas and Sewer Utility funds was \$876, \$4,196 and \$637, respectively.

Interfund receivables and payables:

During the course of operations, numerous transactions occur between individual funds for goods and services rendered. These receivables and payables are classified as due from other funds or due to other funds in the fund financial statements. Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Restricted assets:

Certain resources of the Water, Gas, and Sewer Utility funds are classified as restricted assets in the financial statements because they represent customers' deposits being held by the Village.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost and have been included in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS
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Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. 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:

	<u>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	5 - 10
Infrastructure	20
Water utility system	10 - 25
Gas utility system	10 - 25
Sewer utility system	10 - 25

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fund financial statements -

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

Compensated absences:

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 rate of 10 to 20 days per year, depending on length of service. Unused vacation leave is paid upon termination or separation from employment. As of June 30, 2007, any liability for this accumulated leave is considered immaterial to the financial statements taken as a whole and is therefore not recorded.

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is being reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

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. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Bad debts:

Uncollectible amounts due from customers' utility receivables are recognized as bad debts by the use of the allowance method.

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Village is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The Village recorded no impairment losses during the year ended June 30, 2007.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2. Property Taxes

Government-wide financial statements:

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Governmental fund financial statements:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2007, property taxes of 7.05 mills were levied for general corporate purposes on assessed valuations totaling \$1,420,490. Total taxes levied were \$10,015. All amounts have been collected at June 30, 2007.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

Note 3. Compensation Paid to Mayor/Board of Aldermen

Compensation paid to Mayor/Board of Aldermen for the year ended June 30, 2007 includes:

Billy Maples	\$ 300
Joseph W. Guillory	60
Emily W. Roy	60
Anthony Borill	60
Tim Savant	<u>60</u>
	<u>\$ 540</u>

Note 4. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2007 consisted of the following:

Fund financial statements:

Governmental funds -

Alcoholic beverage tax receivable	\$ 379
Sales and use tax receivable	3,052
State highway maintenance fees receivable	<u>1,473</u>
	<u>\$ 4,904</u>

Government-wide financial statements:

Total amount reported in the governmental funds financial statements from above	\$ 4,904
Additional sales and use taxes due from the Acadia Parish School Board	<u>2,913</u>
	<u>\$ 7,817</u>

Note 5. Interfund Balances

Interfund balances reported in the fund financial statements at June 30, 2007 consisted of the following individual fund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 258,954	\$ 52,290
Sales Tax Fund	70,772	-
Water Utility Fund	16,137	111,735
Gas Utility Fund	14,356	103,912
Sewer Utility Fund	<u>-</u>	<u>92,282</u>
Total interfund balances	<u>\$ 360,219</u>	<u>\$ 360,219</u>

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 6. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 10,479	\$ -0-	\$ -0-	\$ 10,479
Capital assets being depreciated -				
Buildings and improvements	\$ 133,025	\$ -	\$ -	\$ 133,025
Land improvements	343,121	-	-	343,121
Machinery and equipment	110,448	1,530	(9,758)	102,220
Infrastructure	<u>369,179</u>	<u>-</u>	<u>-</u>	<u>369,179</u>
Total capital assets being depreciated	\$ 955,773	\$ 1,530	\$ (9,758)	\$ 947,545
Less accumulated depreciation for -				
Buildings and improvements	\$ (67,907)	\$ (3,639)	\$ -	\$ (71,546)
Land improvements	(343,121)	-	-	(343,121)
Machinery and equipment	(99,105)	(6,137)	9,758	(95,484)
Infrastructure assets	<u>(251,402)</u>	<u>(18,459)</u>	<u>-</u>	<u>(269,861)</u>
Total accumulated depreciation	\$ (761,535)	\$ (28,235)	\$ 9,758	\$ (780,012)
Total governmental capital assets being depreciated, net	\$ 194,238	\$ (26,705)	\$ -0-	\$ 167,533
Total governmental activities capital assets, net	<u>\$ 204,717</u>	<u>\$ (26,705)</u>	<u>\$ -0-</u>	<u>\$ 178,012</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated -				
Land	\$ 37,480	\$ -0-	\$ -0-	\$ 37,480
Capital assets being depreciated -				
Water utility system	\$ 423,101	\$ -	\$ -	\$ 423,101
Gas utility system	55,962	-	-	55,962
Sewer utility system	1,429,481	-	-	1,429,481
Machinery and equipment	73,151	15,403	-	88,554
Total capital assets being depreciated	\$ 1,981,695	\$ 15,403	\$ -0-	\$ 1,997,098
Less accumulated depreciation for -				
Water utility system	\$ (256,254)	\$ (7,698)	\$ -	\$ (263,952)
Gas utility system	(55,962)	-	-	(55,962)
Sewer utility system	(549,658)	(28,587)	-	(578,245)
Machinery and equipment	(52,737)	(8,419)	-	(61,156)
Total accumulated depreciation	\$ (914,611)	\$ (44,704)	\$ -0-	\$ (959,315)
Total business-type assets being depreciated, net	\$ 1,067,084	\$ (29,301)	\$ -0-	\$ 1,037,783
Total business-type activities capital assets, net	\$ 1,104,564	\$ (29,301)	\$ -0-	\$ 1,075,263

Depreciation expense for the year ended June 30, 2007 was charged as follows:

Governmental activities:	
General government	\$ 3,202
Public safety	402
Public works	<u>24,631</u>
Total governmental activities depreciation expense	<u>\$ 28,235</u>
Business-type activities:	
Water	\$ 9,248
Gas	1,606
Sewer	<u>33,850</u>
Total business-type activities depreciation expense	<u>\$ 44,704</u>

NOTES TO FINANCIAL STATEMENTS
See Accountants' Review Report

Note 7. Deficit Net Assets

The Gas Utility Fund has a deficit net assets balance at June 30, 2007 of \$76,840.

Note 8. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Constructing and purchasing a fire department station, fire fighting and fire protection equipment, and other works of public improvement related thereto.
2. Constructing, acquiring, extending, or improving a sewer plant and sewer system and operating the same.
3. For any other lawful corporate purpose, title to which shall be in the public.

Note 9. Insurance Risk

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover any claims related to these risks.

Note 10. Contingencies

The Village operates a Sanitary Wastewater Disposal System under a NPEDS permit. The NPEDS permit and the State permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency (EPA) and the Department of Environmental Quality. The Village is under an Administrative Order to upgrade its facility in order to comply with the permit and the expected more stringent permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards. While the Village is making efforts to resolve the violations detailed in the Administrative Order, the EPA is authorized to assess appropriate penalties if the violations are not corrected. As of June 30, 2007, the Village has not been assessed any such penalties.

NOTES TO FINANCIAL STATEMENTS
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In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The Village's management believes that any liability for reimbursement that may arise as a result of these audits would not be material to the Village's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2007
See Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Property	\$ 9,825	\$ 10,036	\$ 10,071	\$ 35
Housing authority	3,500	4,300	4,360	60
Electric franchise	26,500	33,400	33,347	(53)
Telephone franchise	2,000	2,300	2,328	28
Cable TV franchise	1,900	1,900	1,713	(187)
Total taxes	<u>\$ 43,725</u>	<u>\$ 51,936</u>	<u>\$ 51,819</u>	<u>\$ (117)</u>
Licenses and permits -				
Licenses	\$ 16,830	\$ 16,890	\$ 16,430	\$ (460)
Permits	285	310	290	(20)
Total licenses and permits	<u>\$ 17,115</u>	<u>\$ 17,200</u>	<u>\$ 16,720</u>	<u>\$ (480)</u>
Intergovernmental -				
State shared revenue:				
Beer tax	\$ 1,100	\$ 1,200	\$ 952	\$ (248)
Charges for services -				
State highway maintenance fees	\$ 2,947	\$ 3,175	\$ 3,172	\$ (3)
Fines and forfeits	\$ 12,000	\$ 10,000	\$ 9,810	\$ (190)
Investment income	\$ 30	\$ 60	\$ 58	\$ (2)
Miscellaneous	\$ 900	\$ 5,850	\$ 7,289	\$ 1,439
Total revenues	<u>\$ 77,817</u>	<u>\$ 89,421</u>	<u>\$ 89,820</u>	<u>\$ 399</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND

For the Year Ended June 30, 2007
See Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 600	\$ 540	\$ 540	\$ -
Utilities and telephone	7,000	5,500	5,110	390
Repairs and maintenance	3,000	1,500	1,750	(250)
Insurance	6,100	7,100	7,062	38
Printing and supplies	2,750	2,500	2,260	240
Professional services	5,000	3,750	2,350	1,400
Travel and training	2,750	2,000	1,657	343
Tax roll preparation	150	150	141	9
Dues	750	250	244	6
Miscellaneous	<u>3,214</u>	<u>3,228</u>	<u>1,726</u>	<u>1,502</u>
Total general government	<u>\$ 31,314</u>	<u>\$ 26,518</u>	<u>\$ 22,840</u>	<u>\$ 3,678</u>
Public safety:				
Salaries and wages	\$ 1,800	\$ 2,100	\$ 2,098	\$ 2
Materials and supplies	4,000	3,500	2,647	853
Beeper	1,000	1,000	1,024	(24)
Repairs and maintenance	1,000	1,250	1,014	236
Insurance	4,311	4,311	4,060	251
Travel and training	500	625	625	-
Fees on fines	2,500	1,000	1,115	(115)
Miscellaneous	<u>100</u>	<u>100</u>	<u>67</u>	<u>33</u>
Total public safety	<u>\$ 15,211</u>	<u>\$ 13,886</u>	<u>\$ 12,650</u>	<u>\$ 1,236</u>
Public works:				
Salaries and wages	\$ 21,225	\$ 22,000	\$ 21,989	\$ 11
Payroll taxes	2,075	2,075	2,140	(65)
Materials and supplies	2,300	2,500	3,673	(1,173)
Repairs and maintenance	<u>3,000</u>	<u>4,000</u>	<u>3,608</u>	<u>392</u>
Total public works	<u>\$ 28,600</u>	<u>\$ 30,575</u>	<u>\$ 31,410</u>	<u>\$ (835)</u>
Culture and recreation:				
Utilities	\$ 350	\$ 100	\$ 50	\$ 50
Repairs and maintenance	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total culture and recreation	<u>\$ 1,350</u>	<u>\$ 100</u>	<u>\$ 50</u>	<u>\$ 50</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND

For the Year Ended June 30, 2007
See Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Capital outlay	\$ 1,000	\$ 1,000	\$ 1,530	\$ (530)
Total expenditures	\$ 77,475	\$ 72,079	\$ 68,480	\$ 3,599
Net change in fund balance	\$ <u>342</u>	\$ <u>17,342</u>	\$ 21,340	\$ <u>3,998</u>
Fund balance, beginning			<u>198,459</u>	
Fund balance, ending			<u>\$ 219,799</u>	

See Note to Budgetary Comparison Schedules.

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
SALES TAX FUNDFor the Year Ended June 30, 2007
See Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 25,000	\$ 34,000	\$ 34,041	\$ 41
Investment income	5	5	4	(1)
Total revenues	<u>\$ 25,005</u>	<u>\$ 34,005</u>	<u>\$ 34,045</u>	<u>\$ 40</u>
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 2,496	\$ 2,496	\$ 2,496	\$ -
Payroll taxes	192	192	191	1
Materials and supplies	750	750	720	30
Utilities and telephone	7,200	7,200	6,832	368
Repairs and maintenance	1,000	1,000	915	85
Insurance	3,792	3,500	1,999	1,501
Printing and postage	750	300	267	33
Professional services	3,350	3,050	2,175	875
Travel and training	1,500	1,000	989	11
Collection fees	375	600	511	89
Miscellaneous	1,500	50	36	14
Capital outlay	1,000	295	295	-
Total expenditures	<u>\$ 23,905</u>	<u>\$ 20,433</u>	<u>\$ 17,426</u>	<u>\$ 3,007</u>
Net change in fund balance	<u>\$ 1,100</u>	<u>\$ 13,572</u>	\$ 16,619	<u>\$ 3,047</u>
Fund balance, beginning			<u>66,317</u>	
Fund balance, ending			<u>\$ 82,936</u>	

See Note to Budgetary Comparison Schedules.

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTE TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The Village of Estherwood, Louisiana follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year end. The budgets presented are the originally adopted budget and the final amended budget.



BROUSSARD, POCHÉ, LEWIS & BREAU, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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Other Offices:

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New Iberia, LA
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(337) 684-2855

Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
P. John Blanchet III, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
Martha B. Wyatt, CPA*
Fayette T. Dupré, CPA*
Mary A. Castille, CPA*
Joey L. Breau, CPA*
Craig J. Viator, CPA*
Stacey E. Singleton, CPA*
John L. Istre, CPA*
Tricia D. Lyons, CPA
Mary T. Miller, CPA
Elizabeth J. Moreau, CPA

Retired:

Sidney L. Broussard, CPA 1925-2005
Leon K. Poché, CPA 1984
James H. Breau, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Lawrence A. Cramer, CPA* 1999
Ralph Friend, CPA* 2002
Donald W. Kelley, CPA* 2005
George J. Trappey, III, CPA* 2007
Terrel P. Dressel, CPA* 2007

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Billy Maples, Mayor,
and the Board of Aldermen
Village of Estherwood, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Village of Estherwood, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Estherwood, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2007 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000 or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The Village had no expenditures for materials and supplies in excess of \$20,000 and no public works expenditures in excess of \$100,000 during the year ended June 30, 2007.

Code of Ethics for Public Officials and Public Employees

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

Management provided us with the required list of board members, including the noted information.

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

Management provided us with the required list.

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

One employee included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2). However, management provided us with a ruling from the Louisiana Board of Ethics (Docket No. 2004-615) which concluded that due to an exception to the nepotism restrictions, this was not a violation of the Code of Governmental Ethics. The exception related to a municipality with a population of less than 2,000 and which owns an electrical or gas distribution system. As of January 2007, the related official in agreed-upon procedure (2) is no longer in office.

Budgeting

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

Management provided us with a copy of the original budget and the amendment made to the budget during the period covered.

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

We traced the adoption of the original budget to the minutes of a meeting held on June 29, 2006. The amended budget was adopted on June 28, 2007.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted amounts by 5% or more and actual expenditures did not exceed budgeted amounts by 5% or more.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:
 - a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for five of the six selected disbursements and found that the payments were for the proper amount and made to the correct payee. No supporting documentation was available for the sixth disbursement.

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

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

- c. determine whether payments received approval from proper authorities.

Inspection of the minutes of the Board meetings indicated that each of the six selected disbursements was approved by the Board.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:13 (the open meetings law).

Examination of supporting documents indicated that agendas for meetings were posted 24 hours prior to each council meeting.

Debt

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

We examined deposits in bank statements for the period under examination and did not note any deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

In reading of the minutes of the Village for the year, it was noted that gifts were given to two outgoing aldermen. These gifts were \$114 each. We also inspected payroll records for the year and did not note any instances, which would indicate payments to employees, which would constitute bonuses, advances, or gifts.

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

This report is intended solely for the use of management of Village of Estherwood, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor, State of Louisiana, as a public document.

Brussard, Locki, Lewis & Breau, L.L.P.

Lafayette, Louisiana
November 14, 2007

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LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Sept. 11, 2007 (Date Transmitted)

BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.
P.O. BOX 61400
4112 WEST CONGRESS STREET
LAFAYETTE, LOUISIANA 70596-1400 (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [☒] No [☐]

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No [☐]

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Secretary _____ Date

Treasurer _____ Date

 _____
Mayor President 09/11/2007 Date

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended June 30, 2007

Accounting and Reporting

Finding: Supporting documentation was not available for one of the six disbursements tested.

Recommendation: All disbursements should be properly supported prior to payment being made.

Advances and Bonuses

Finding: Gifts in the amount of \$228 were given to two Aldermen at the end of their term.

Recommendation: In accordance with State Law, public funds cannot be used for gifts. A policy should be adopted to ensure compliance with this law.

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF PRIOR FINDINGS
For the Year Ended June 30, 2007

Nothing reported.



VILLAGE OF ESTHERWOOD

**BILL MAPLES
MAYOR**

124 N. LEBLANC ST. * P.O. BOX 167 * ESTHERWOOD, LA 70534-0167 * PHONE: 337-783-0464 * FAX: 337-783-0596
TDD: 337-783-0464 * EMAIL ADDRESS: esth_vil@bellsouth.net

December 6, 2007

Mr. Steve Theriot
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The Village of Estherwood respectfully submits the following corrective action plan for the year ended June 30, 2007.

Name and address of independent public accounting firm:

Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
Post Office Box 61400
Lafayette, Louisiana 70596-1400

Review and attestation period: July 1, 2006 through June 30, 2007.

The findings from the 2007 schedule of current year findings are discussed below.

Accounting and Reporting

Recommendation: All disbursements should be properly supported prior to payment being made.

Action Taken: Proper documentation will be obtained for all disbursements being made.

TIM SAVANT
ALDERMAN

LARRY T. RICHARD
VILLAGE ATTORNEY

JOHN MONCEAUX
MAYOR PRO-TEM/ALDERMAN
EUGENE GAUTREAUX
FIRE CHIEF

SANDY S. SARVER, CMC
VILLAGE CLERK

ANTHONY BORILL
ALDERMAN
KEVIN LEBLANC
POLICE CHIEF

Mr. Steve Theriot
Legislative Auditor
State of Louisiana
December 6, 2007
Page - 2 -

Recommendation: In accordance with State Law, public funds cannot be used for gifts. A policy should be adopted to ensure compliance with this law.

Action Taken: A policy has been set in place that no gifts will be purchased with public funds.

If the Legislative Auditor has questions regarding this plan, please call Sandy S. Sarver at (337) 783-0464.

Sincerely yours,

VILLAGE OF ESTHERWOOD

A handwritten signature in black ink, appearing to read "Bill Maples", with a long horizontal flourish extending to the right.

Bill Maples
Mayor