

VILLAGE OF ESTHERWOOD, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

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VILLAGE OF ESTHERWOOD, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2025

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VILLAGE OF ESTHERWOOD, LOUISIANA

June 30, 2025

MAYOR

The Honorable Donna Bertrand

BOARD OF ALDERMEN

Ms. Laney Broussard

Ms. Emily Mire

Mr. Stephen Smith

LEGAL COUNSEL

Mr. Michael Landry

TOWN CLERK

Ms. Beverly Nolan

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana (the "Village"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosure in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Estherwood, Louisiana's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Estherwood, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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 solely 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 the effectiveness of the Village of Estherwood, Louisiana's 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink, appearing to read "McClary Quil + Bush".

Lake Charles, Louisiana
December 18, 2025

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF ESTHERWOOD, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2025

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and interest-bearing deposits	\$ 129,705	\$ 93,346	\$ 223,051
Investments	257,401	260,817	518,218
Receivables, net	15,025	27,612	42,637
Internal balance	1,939	(1,939)	-
Due from other governmental agencies	14,352	-	14,352
Restricted assets:			
Cash and interest-bearing deposits	-	122,115	122,115
Capital assets:			
Non depreciable	11,054	640,634	651,688
Depreciable, net	485,164	1,960,897	2,446,061
Total assets	<u>914,640</u>	<u>3,103,482</u>	<u>4,018,122</u>
 <u>LIABILITIES</u>			
Accounts and other payables	21,152	4,906	26,058
Customers' deposits	-	42,985	42,985
Long-term liabilities:			
Due within one year	-	34,000	34,000
Due in more than one year	-	418,000	418,000
Total liabilities	<u>21,152</u>	<u>499,891</u>	<u>521,043</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenues	<u>25,000</u>	<u>-</u>	<u>25,000</u>
 <u>NET POSITION</u>			
Net investment in capital assets	496,218	2,149,531	2,645,749
Restricted for debt service	-	79,130	79,130
Unrestricted	<u>372,270</u>	<u>374,930</u>	<u>747,200</u>
Total net position	<u>\$ 868,488</u>	<u>\$ 2,603,591</u>	<u>\$ 3,472,079</u>

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Government activities:				
General government	\$ 112,959	\$ 22,072	\$ 16,539	\$ -
Public safety	66,332	49,899	-	-
Public works	55,361	-	-	-
Interest	-	-	-	-
Total governmental activities	<u>234,652</u>	<u>71,971</u>	<u>16,539</u>	<u>-</u>
Business-type activities:				
Water	193,252	206,056	-	602,765
Sewer	153,574	124,658	-	50,569
Interest expense	14,308	-	-	-
Total business-type activities	<u>361,134</u>	<u>330,714</u>	<u>-</u>	<u>653,334</u>
Total primary government	<u>\$ 595,786</u>	<u>\$ 402,685</u>	<u>\$ 16,539</u>	<u>\$ 653,334</u>

General revenues:

Taxes -

 Property taxes, levied for general purposes

 Sales and use taxes, levied for general purposes

 Franchise taxes

Grants and contributions not restricted to specific programs -
State sources

Interest

Gain on sale of capital assets

Miscellaneous

 Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to financial statements

Net (Expenses) Revenue and
Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (74,348)	\$ -	\$ (74,348)
(16,433)	-	(16,433)
(55,361)	-	(55,361)
-	-	-
(146,142)	-	(146,142)
-	615,569	615,569
-	21,653	21,653
-	(14,308)	(14,308)
-	622,914	622,914
\$ (146,142)	\$ 622,914	\$ 476,772
\$ 15,418	\$ -	\$ 15,418
84,057	-	84,057
49,299	-	49,299
12,634	-	12,634
11,429	8,368	19,797
2,083	-	2,083
17,250	304	17,554
192,170	8,672	200,842
46,028	631,586	677,614
822,460	1,972,005	2,794,465
\$ 868,488	\$ 2,603,591	\$ 3,472,079

FUND FINANCIAL STATEMENTS

VILLAGE OF ESTHERWOOD, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

<u>ASSETS</u>	<u>General</u>
Cash and interest-bearing deposits	\$ 129,705
Investments	257,401
Receivables:	
Due from other governmental agencies	14,352
Due from other funds	1,939
Accounts	<u>15,025</u>
Total assets	<u>\$ 418,422</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ 16,578
Accrued liabilities	<u>4,574</u>
Total liabilities	<u>21,152</u>
Deferred Inflows of Resources:	
Deferred grant revenue	<u>25,000</u>
Fund balances:	
Unassigned	<u>372,270</u>
Total liabilities and fund balances	<u>\$ 418,422</u>

Amounts reported for governmental activities in the statement of net position is different because:

Total fund balance for the governmental funds	\$ 372,270
Capital assets, net	<u>496,218</u>
Total net position of governmental activities	<u>\$ 868,488</u>

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA

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

Year Ended June 30, 2025

	<u>General</u>
Revenues:	
Taxes	\$ 148,774
Licenses and permits	22,072
Intergovernmental	29,174
Fines	49,899
Interest	11,429
Miscellaneous	<u>17,252</u>
Total revenues	<u>278,600</u>
Expenditures:	
Current:	
General government	71,195
Public safety	64,269
Public works	57,749
Capital outlay	<u>44,264</u>
Total expenditures	<u>237,477</u>
Excess (deficiency) of revenues over expenditures	<u>41,123</u>
Other financing sources (uses):	
Proceeds from sale of assets	<u>2,083</u>
Net change in fund balance	43,206
Fund balance at beginning of year	<u>329,064</u>
Fund balance at end of year	<u>\$ 372,270</u>

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Net changes in fund balance of governmental funds \$ 43,206

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

2,822

Change in net position of governmental activities

\$ 46,028

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 132,700	\$ 148,000	\$ 148,774	\$ 774
Licenses and permits	21,000	21,000	22,072	1,072
Intergovernmental	30,900	27,900	29,174	1,274
Fines and forfeits	60,000	47,000	49,899	2,899
Interest income	12,000	12,000	11,429	(571)
Miscellaneous	15,000	15,000	17,252	2,252
Total revenues	<u>271,600</u>	<u>270,900</u>	<u>278,600</u>	<u>7,700</u>
Expenditures:				
Current -				
General government	75,100	76,100	71,195	4,905
Public safety	79,100	62,700	64,269	(1,569)
Public works	57,100	57,100	57,749	(649)
Capital outlay	19,000	43,000	44,264	(1,264)
Total expenditures	<u>230,300</u>	<u>238,900</u>	<u>237,477</u>	<u>1,423</u>
Excess of revenues over expenditures	41,300	32,000	41,123	9,123
Other financing sources (uses):				
Proceeds from sale of assets	<u>-</u>	<u>2,000</u>	<u>2,083</u>	<u>83</u>
Net change in fund balance	41,300	34,000	43,206	9,206
Fund balance, beginning	<u>329,064</u>	<u>329,064</u>	<u>329,064</u>	<u>-</u>
Fund balance, ending	<u>\$ 370,364</u>	<u>\$ 363,064</u>	<u>\$ 372,270</u>	<u>\$ 9,206</u>

VILLAGE OF ESTHERWOOD, LOUISIANA
 PROPRIETARY FUNDS

STATEMENT OF NET POSITION
 June 30, 2025

	<u>Enterprise Funds</u>		
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and interest-bearing deposits	\$ 45,518	\$ 47,828	\$ 93,346
Investments	183,795	77,022	260,817
Receivables -			
Accounts, net	6,975	8,677	15,652
Unbilled utility receivables	<u>7,340</u>	<u>4,620</u>	<u>11,960</u>
Total current assets	<u>243,628</u>	<u>138,147</u>	<u>381,775</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	100,915	21,200	122,115
Capital assets -			
Land and construction in progress	603,154	37,480	640,634
Capital assets, net	<u>1,119,830</u>	<u>841,067</u>	<u>1,960,897</u>
Total noncurrent assets	<u>1,823,899</u>	<u>899,747</u>	<u>2,723,646</u>
Total assets	<u>\$ 2,067,527</u>	<u>\$ 1,037,894</u>	<u>\$ 3,105,421</u>

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VILLAGE OF ESTHERWOOD, LOUISIANA
 PROPRIETARY FUNDS

STATEMENT OF NET POSITION
 June 30, 2025

	<u>Enterprise Funds</u>		
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 30	\$ 4,876	\$ 4,906
Due to other funds	802	1,137	1,939
Payable from restricted assets -			
Customers' deposits	21,785	21,200	42,985
Revenue bonds payable	<u>34,000</u>	<u>-</u>	<u>34,000</u>
Total current liabilities	<u>56,617</u>	<u>27,213</u>	<u>83,830</u>
Noncurrent liabilities:			
Revenue bonds payable	<u>418,000</u>	<u>-</u>	<u>418,000</u>
Total noncurrent liabilities	<u>418,000</u>	<u>-</u>	<u>418,000</u>
Total liabilities	<u>474,617</u>	<u>27,213</u>	<u>501,830</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,270,984	878,547	2,149,531
Restricted for debt service	79,130	-	79,130
Unrestricted	<u>242,796</u>	<u>132,134</u>	<u>374,930</u>
Total net position	<u>\$ 1,592,910</u>	<u>\$ 1,010,681</u>	<u>\$ 2,603,591</u>

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
Year Ended June 30, 2025

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
	Fund	Fund	Total
Operating revenues:			
Charges for services	\$ 206,056	\$ 124,658	\$ 330,714
Miscellaneous	304	-	304
Total operating revenues	206,360	124,658	331,018
Operating expenses:			
Salaries	23,898	23,868	47,766
Payroll taxes	1,828	1,826	3,654
Utilities	9,796	12,113	21,909
Repairs and maintenance	18,703	14,007	32,710
Legal and professional	11,339	9,187	20,526
Insurance	4,130	3,929	8,059
Operating supplies	22,914	5,619	28,533
Office supplies and expense	7,423	3,983	11,406
Depreciation	77,248	58,881	136,129
Other	15,973	20,161	36,134
Total operating expenses	193,252	153,574	346,826
Operating income (loss)	13,108	(28,916)	(15,808)
Nonoperating revenues (expenses):			
Interest earned	6,981	1,387	8,368
Interest expense	(14,308)	-	(14,308)
Total nonoperating revenues (expenses)	(7,327)	1,387	(5,940)
Income (loss) before contributions	5,781	(27,529)	(21,748)
Capital contributions and transfers:			
Capital contributions	602,765	50,569	653,334
Transfers in(out)	(8,844)	8,844	-
Total capital contributions and transfers	593,921	59,413	653,334
Change in net position	599,702	31,884	631,586
Net position at beginning of year	993,208	978,797	1,972,005
Net position at ending of year	\$ 1,592,910	\$ 1,010,681	\$ 2,603,591

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2025

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 209,313	\$ 127,131	\$ 336,444
Payments to suppliers	(148,456)	(65,628)	(214,084)
Payments to employees	(25,726)	(25,694)	(51,420)
Other receipts	<u>304</u>	<u>-</u>	<u>304</u>
Net cash provided by (used in) by operating activities	<u>35,435</u>	<u>35,809</u>	<u>71,244</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from (paid to) other funds	(8,844)	8,844	-
Interfund payable increase	<u>37,226</u>	<u>9,734</u>	<u>46,960</u>
Net cash provided by noncapital financing activities	<u>28,382</u>	<u>18,578</u>	<u>46,960</u>
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES			
Principal paid on revenue bonds payable	(33,000)	-	(33,000)
Interest and fiscal charges paid on debt	(14,308)	-	(14,308)
Capital contributions	537,624	50,569	588,193
Acquisition of property, plant and equipment	<u>(605,157)</u>	<u>(42,283)</u>	<u>(647,440)</u>
Net cash provided by (used in) capital and related financing activities	<u>(114,841)</u>	<u>8,286</u>	<u>(106,555)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts of interest	6,981	1,387	8,368
Purchase of investments	<u>6,019</u>	<u>(51,386)</u>	<u>(45,367)</u>
Net cash provided by (used in) investing activities	<u>13,000</u>	<u>(49,999)</u>	<u>(36,999)</u>
Net increase (decrease) in cash and cash equivalents	(38,024)	12,674	(25,350)
Cash and cash equivalents, beginning of period	<u>184,457</u>	<u>56,354</u>	<u>240,811</u>
Cash and cash equivalents, end of period	<u>\$ 146,433</u>	<u>\$ 69,028</u>	<u>\$ 215,461</u>
Cash and cash equivalents at end of year consisted of:			
Unrestricted cash	\$ 45,518	\$ 47,828	\$ 93,346
Restricted cash	<u>100,915</u>	<u>21,200</u>	<u>122,115</u>
Total	<u>\$ 146,433</u>	<u>\$ 69,028</u>	<u>\$ 215,461</u>

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VILLAGE OF ESTHERWOOD, LOUISIANA
 PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 Year Ended June 30, 2025

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 13,108	\$ (28,916)	\$ (15,808)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	77,248	58,881	136,129
Changes in current assets and liabilities:			
(Increase) decrease in accounts and other receivables	2,917	2,063	4,980
Increase (decrease) in accounts and other payables	(58,178)	3,371	(54,807)
Increase (decrease) in customer meter deposits	340	410	750
Net cash provided by operating activities	\$ 35,435	\$ 35,809	\$ 71,244

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

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 (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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.

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 FUNDS

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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village of Estherwood's enterprise funds are the Water Utility Fund and Sewer Utility Fund.

Water Utility Fund

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

Sewer Utility Fund

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

C. Measurement Focus and 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 are 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.

Basis of Accounting

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

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

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

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

Program Revenues

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

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

Cash, Cash Equivalents, and Investments

For purposes of the statement of net position, cash and cash equivalents 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.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the Village to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

Interfund Receivables and Payables

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's water and sewer utility fund services receivables as their major receivables. Uncollectible amounts due for customers' water, gas, and sewer utility fund receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customer's water, and sewer utility fund receivables were \$7,361 and \$1,700, respectively at June 30, 2025. 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 to 40 years
Machinery and equipment	5 to 10 years
Infrastructure	20 years
Water utility system	10 to 25 years
Sewer utility system	10 to 25 years

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

Restricted Assets

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

Long-term Debt

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

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

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

Compensated Absences

Village employees are entitled to certain compensated absences based upon their length of service. Sick leave is credited to permanent full-time employees at a rate of 1.25 days for each month of continuous employment. Unused sick leave is not paid upon termination or separation from employment and therefore no provision for compensated absences has been made 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, 2025, 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

Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Village's deferred inflows of resources as of June 30,

2025 are related to grant funds received but not expended as of June 30, 2025.

Equity Classifications

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

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

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

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Board of Aldermen.

Unassigned - all other spendable amounts.

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

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:

Revenue Source
Water and sewer revenue

Legal Restrictions of Use
Debt service and utility
operations

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

G. Interest Expense

Total interest incurred and expensed for the year ending June 30, 2025 for the proprietary funds and business-type activities was \$14,308. Total interest incurred and expensed for the year ended June 30, 2025 for the governmental funds and governmental activities was \$0.

H. Use of Estimates

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

I. Adoption of New Accounting Principles

For the year ended June 30, 2025, the following statement was implemented: GASB Statement No. 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences to include any leave that is attributable to services already rendered, accumulated, or is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. All outstanding leaves at your end is valued at the employee's rate of pay in effect as of the balance sheet date. Applicable salary related payments are also calculated.

Note 2. Cash, Cash Equivalents and Investments

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.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. The Village does not have a policy for custodial credit risk;

however, under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) are as follows:

	<u>Demand Deposits</u>	<u>Time Deposits</u>
Carrying amount	\$ <u>334,942</u>	\$ <u>10,075</u>
Bank balances:		
a. Federally insured	\$ 377,271	\$ 10,075
b. Collateralized by securities held by the pledging financial institution	25,211	-
c. Uncollateralized and uninsured	<u>-</u>	<u>-</u>
Total bank balances	\$ <u>402,482</u>	\$ <u>10,075</u>

Investments held at June 30, 2025, consist of \$518,218 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Interest rate risk: The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: State law limits investments to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks

organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Village has no investment policy that would further limit its investment choices. As of June 30 2025, the Village's investment in LAMP was rated AAA by Standard & Poor's.

Concentration of credit risk: The Village places no limit on the amount the Village may invest in any one issuer. All of the Village's investments are in LAMP.

As of June 30, 2025, the Village had the following investments and maturities:

Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
LAMP	518,218	518,218	-	-	-

Note 3. Sales Taxes

Proceeds of a 1% sales and use tax levied by the Village of Estherwood are accounted for in the General Fund and are dedicated for any lawful corporate purpose. Collections for the year ended June 30, 2025 are \$84,057.

Note 4. Restricted Assets - Enterprise Funds

Restricted assets consisted of the following:

	Water Utility	Sewer Utility	Total
Revenue bond sinking fund	\$ 12,640	\$ -	\$ 12,640
Revenue bond reserve fund	45,620	-	45,620
Revenue bond depreciation and contingency fund	20,850	-	20,850
Customer deposits	21,805	21,200	43,005
Total	\$ 100,915	\$ 21,200	\$ 122,115

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,479	\$ -	\$ -	\$ 10,479
Construction in progress	-	575	-	575
Total capital assets not being depreciated	<u>10,479</u>	<u>575</u>	<u>-</u>	<u>11,054</u>
Capital assets being depreciated:				
Buildings and improvements	193,761	2,150	-	195,911
Land improvements	345,645	-	-	345,645
Machinery and equipment	172,831	20,036	-	192,867
Leased equipment	11,390	-	-	11,390
Infrastructure	<u>960,643</u>	<u>21,500</u>	<u>-</u>	<u>982,143</u>
Total capital assets being depreciated	<u>1,684,270</u>	<u>43,686</u>	<u>-</u>	<u>1,727,956</u>
Less accumulated depreciation for:				
Buildings and improvements	135,103	4,465	-	139,568
Land improvements	343,226	81	-	343,307
Machinery and equipment	117,749	13,694	-	131,443
Leased equipment	11,249	140	-	11,389
Infrastructure	<u>594,026</u>	<u>23,059</u>	<u>-</u>	<u>617,085</u>
Total accumulated depreciation	<u>1,201,353</u>	<u>41,439</u>	<u>-</u>	<u>1,242,792</u>
Capital assets, being depreciated, net	<u>482,917</u>	<u>2,247</u>	<u>-</u>	<u>485,164</u>
Government activities capital assets, net	<u>\$ 493,396</u>	<u>\$ 2,822</u>	<u>\$ -</u>	<u>\$ 496,218</u>

	Beginning of Year	Additions	Deletions	End of Year
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 37,480	\$ -	\$ -	\$ 37,480
Construction in progress	45,256	557,898	-	603,154
Total capital assets not being depreciated	<u>82,736</u>	<u>557,898</u>	<u>-</u>	<u>640,634</u>
Capital assets being depreciated:				
Water utility system	1,758,295	24,328	-	1,782,623
Sewer utility system	2,096,201	17,238	-	2,113,439
Machinery and equipment	102,367	47,977	4,890	145,454
Total capital assets being depreciated	<u>3,956,863</u>	<u>89,543</u>	<u>4,890</u>	<u>4,041,516</u>
Less accumulated depreciation for:				
Water utility system	619,161	71,149	-	690,310
Sewer utility system	1,248,357	52,460	-	1,300,817
Machinery and equipment	81,862	12,520	4,890	89,492
Total accumulated depreciation	<u>1,949,380</u>	<u>136,129</u>	<u>4,890</u>	<u>2,080,619</u>
Capital assets, being depreciated, net	<u>2,007,483</u>	<u>(46,586)</u>	<u>-</u>	<u>1,960,897</u>
Business-type activities capital assets, net	<u>\$ 2,090,219</u>	<u>\$ 511,312</u>	<u>\$ -</u>	<u>\$ 2,601,531</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 20,264
Public safety	2,063
Public works	<u>19,112</u>
Total depreciation expense	<u>\$ 41,439</u>

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

Water	\$ 77,248
Sewer	<u>58,881</u>
Total depreciation expense	<u>\$ 136,129</u>

Note 6. Changes in Long-Term Debt

The following is a summary of the long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Ending One Year</u>
Business-type activities:					
Utilities revenue Refunding bonds, series 2014	<u>\$ 485,000</u>	<u>\$ -</u>	<u>\$ 33,000</u>	<u>\$ 452,000</u>	<u>\$ 34,000</u>

Long term debt payable is comprised of the following:

Business-type activities -

Direct borrowing - Revenue bonds:

\$693,000 Taxable Utilities Revenue Bonds, Series 2014, due in annual installment ranging from \$1,000 to \$48,000 through July, 2036; interest at 2.95%; payable from revenues of the combined utilities system. \$ 452,000

In the event of default on the above debt, the debtholder may take actions as deemed necessary and appropriate as permitted by law to cause the Village to comply with its obligations under the debt and compel performance.

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

Year Ending June 30,	Business-type Activities	
	Revenue Bonds	
	Principal	Interest
2026	34,000	13,334
2027	36,000	12,331
2028	37,000	11,269
2029	38,000	10,178
2030	40,000	9,057
2031-2035	219,000	26,905
2036	48,000	1,416
	<u>\$ 452,000</u>	<u>\$ 84,490</u>

Note 7. Flow of Funds; 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 1/6th of the interest and administrative fee due on the next interest payment date and 1/12th 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 20th day of each month 25% of the amount required to be paid into the Debt Service Fund until there has been accumulated a sum equal to the reserve fund requirement. Also, the Village must transfer 5% of the gross revenues of the utilities system collected during the previous month into a "Utilities Depreciation and Contingency Fund" to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. The deposits may cease once the sum of \$100,000 has been accumulated.

Pursuant to indenture, the Village shall also fix, establish, maintain, and collect rates and other charges for the services and facilities of the system to provide revenues sufficient to pay the necessary expenses of administering, operating, and maintaining the system, 120% of the principal, interest, and administrative fees due each year, all reserves or sinking funds or other payments required by the indenture and all other obligations or indebtedness payable from the revenues of the system.

The Village complied with all significant limitations and restrictions in the bond indenture during the fiscal year ended June 30, 2025.

Note 8. Interfund Transactions

Interfund balances consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,939	\$ -
Water Utility Fund	-	802
Sewer Utility Fund	-	1,137
Total	<u>\$ 1,939</u>	<u>\$ 1,939</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. Interfund transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Water Utility Fund:		
Sewer Utility Fund	\$ -	\$ 8,844
Sewer Utility Fund:		
Water Utility Fund	<u>8,844</u>	<u>-</u>
Grand totals	<u>\$ 8,844</u>	<u>\$ 8,844</u>

Note 9. 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, 2025. Such payments are recorded as intergovernmental revenues and public safety expense in the government-wide and General Fund financial statements.

Note 10. Compensation of Mayor and Board of Aldermen

Salaries paid to the Mayor and Aldermen during the year are as follows:

Donna Bertrand, Mayor	\$ 1,200
Laney Broussard	600
Emily Mire	600
Michael Mouton	60
Stephen Smith	500

Note 11. 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.

Note 12. Litigation and Claims

The Village is one of several defendants in a lawsuit alleging misconduct against current and former elected officials/employees of the Village. Based on current information and consultation with legal counsel, the loss is probable and potential damages are estimated to be in the range of \$250,000 to \$1,000,000. Accounting principles prescribe accrual of the liability at the low end of the range. The Village maintains insurance coverage for such claims with a coverage limit of \$500,000, therefore, no liability has been accrued in the financial statements. However, if the ultimate settlement were to exceed the insurance coverage, the Village may be exposed to an additional loss which has not been accrued in the financial statements.

Note 13. Subsequent Events

The Village has performed a review of subsequent events through December 18, 2025, which is the date the financial statements were available for issuance.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2025

Mayor Donna Bertrand

Salary for Mayoral Function	\$ 1,200
Wages Paid for Bookkeeping Function	<u>26,702</u>
Total	<u>\$ 27,902</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
Year Ended June 30, 2025

	First Six Month Period Ended <u>12/31/2024</u>	Second Six Month Period Ended <u>6/30/2025</u>
Beginning balance of amounts collected	\$ 243	\$ 942
Add: collections -		
Civil fees	-	-
Bond fees	-	-
Asset forfeiture/sale	-	-
Pre-trial diversion program fees	-	-
Criminal court costs/fees	4,943	7,757
Criminal fines - contempt	-	-
Criminal fines - other	13,687	23,370
Restitution	-	-
Probation/parole/supervision fees	-	-
Service/collection fees	-	-
Interest earnings on collected balances	-	-
Other	-	-
Subtotal collections	<u>18,630</u>	<u>31,127</u>
Less: disbursements to governments and nonprofits -		
Crime stoppers of Acadia, Inc - criminal fines	140	230
Acadiana Criminalistics Laboratory - criminal fines	2,140	3,320
Louisiana Commission on Law Enforcement - criminal fines	178	245
Louisiana State Treasurer CMIS - criminal fines	70	115
LA Dept of Health & Hospitals THI/SCI - criminal fines	280	400
Judicial Administrator, Supreme Court of Louisiana - criminal fines	35	58
Less: amounts retained by collecting agency		
Amounts "self-disbursed" to collecting agency - criminal court costs/fees	1,401	4,331
Amounts "self-disbursed" to collecting agency - criminal fines other	<u>13,687</u>	<u>23,370</u>
Subtotal disbursements/retainage	<u>17,931</u>	<u>32,069</u>
Ending balance of amounts collected but not disbursed/retained	<u>\$ 942</u>	<u>\$ -</u>

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL
AND COMPLIANCE**

INDEPENDENT AUDITORS' 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*

Honorable Mayor and Members
Of the Board of Aldermen
Village of Estherwood
Estherwood, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village of Estherwood, Louisiana's basic financial statements and have issued our report thereon dated December 18, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not been identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Estherwood, Louisiana's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Estherwood, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Estherwood, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Estherwood, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is 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 Village'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 Village'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 Legislative Auditor as a public document.

Ms Tracy Quil + Sarah

Lake Charles, Louisiana
December 18, 2025

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VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2025

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes No

Significant deficiency identified
not considered to be
material weakness?

Yes None reported

Noncompliance material to financial statements
noted?

Yes No

(continued on next page)

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

(Continued)

FINANCIAL STATEMENT FINDINGS

2025-001 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

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

2025-002 Controls Over Financing Reporting

Condition: In our judgment, the Village's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria: The Auditing Standards Board recently issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Auditing guidance emphasizes that the auditor cannot be part of your system of internal control over financial reporting.

VILLAGE OF ESTHERWOOD, LOUIAIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2025

(Continued)

Effect: Material misstatements in financial statements could go undetected.

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended June 30, 2025

FINANCIAL STATEMENT FINDINGS

2024-001 Segregation of Duties

Condition: This finding was a material weakness relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current Status: The condition still exists. See finding 2025-001.

2024-002 Controls over Financing Reporting

Condition: This finding was a material weakness relating to the inability of the entity to produce financial statements and footnotes in accordance with generally accepted accounting principles.

Recommendation: We recommend management mitigate the weakness by having a heightened awareness of all transactions being reported.

Current Status: The condition still exists. See finding 2025-002.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas of the Village of Estherwood identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The Village's management is responsible for those C/C areas identified in the SAUPs.

The Village has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Collections

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):

No exceptions noted.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

i. Employees responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Employee responsible for collecting cash is also responsible for preparing/make bank deposits.

iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

D. Randomly select two deposit dates for 5 bank accounts (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No exceptions noted.

- B. For each location selected under procedure #2A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Employee responsible for processing payments can also add/modify vendor files.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under procedure #2A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

3) Travel and Expense Reimbursement

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement

forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii).

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

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

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

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



Lake Charles, Louisiana
December 18, 2025



VILLAGE OF ESTHERWOOD

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Donna Bertrand

Mayor

Layne Broussard

Alderswoman-Mayor Pro-Temp

Darla LeBeouf

Alderswoman

Stephen Smith

Alderman

Wayne Welch

Chief of Police

Beverly Nolan

Village Clerk

December 18, 2025

McElroy, Quirk & Burch

PO Box 3070

Lake Charles, LA 70602-3070

In response to the exception on Procedure #1B Collections, we have designated a separate employee to prepare and make the deposits so that the employees for collecting cash is not also making deposits when it is feasible to do so. Due to the size of the entity, complete segregation of this function is not always possible.

In response to the exception on Procedure #2B Non-Payroll Disbursements, due to the size of the entity, complete segregation of this function is not always possible.

Signature

Donna Bertrand

Title

Mayor