

VILLAGE OF ESTHERWOOD, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

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VILLAGE OF ESTHERWOOD, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2023

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VILLAGE OF ESTHERWOOD, LOUISIANA

June 30, 2023

MAYOR

The Honorable Donna Bertrand

BOARD OF ALDERMEN

Ms. Laney Broussard
Ms. Emily Mire
Mr. Michael Mouton

LEGAL COUNSEL

Mr. Alex Guinn

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, 2023, 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, 2023, 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 conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 or the Justice System Funding Schedule 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, 2023, 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.

Matthew Quil + Bush

Lake Charles, Louisiana
December 18, 2023

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF ESTHERWOOD, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2023

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and interest-bearing deposits	\$ 232,119	\$ 421,334	\$ 653,453
Receivables, net	16,812	31,770	48,582
Internal balance	35,490	(35,490)	-
Due from other governmental agencies	14,362	-	14,362
Restricted assets:			
Cash and interest-bearing deposits	-	117,614	117,614
Capital assets:			
Non depreciable	14,738	37,480	52,218
Depreciable, net	442,035	2,043,814	2,485,849
Total assets	<u>755,556</u>	<u>2,616,522</u>	<u>3,372,078</u>
 <u>LIABILITIES</u>			
Accounts and other payables	21,947	2,002	23,949
Customers' deposits	-	40,035	40,035
Long-term liabilities:			
Due within one year	1,032	32,000	33,032
Due in more than one year	-	485,000	485,000
Total liabilities	<u>22,979</u>	<u>559,037</u>	<u>582,016</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenues	-	202,941	202,941
 <u>NET POSITION</u>			
Net investment in capital assets	455,741	1,564,294	2,020,035
Restricted for debt service	-	77,579	77,579
Unrestricted	276,836	212,671	489,507
Total net position	<u>\$ 732,577</u>	<u>\$ 1,854,544</u>	<u>\$ 2,587,121</u>

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

<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	\$ 85,844	\$ 25,443	\$ 164,731	\$ -
Public safety	65,328	69,608	-	-
Public works	64,084	-	-	-
Interest	245	-	-	-
Total governmental activities	<u>215,501</u>	<u>95,051</u>	<u>164,731</u>	<u>-</u>
Business-type activities:				
Water	166,146	197,168	-	121,364
Sewer	127,007	97,700	-	45,245
Interest expense	16,169	-	-	-
Total business-type activities	<u>309,322</u>	<u>294,868</u>	<u>-</u>	<u>166,609</u>
Total primary government	<u>\$ 524,823</u>	<u>\$ 389,919</u>	<u>\$ 164,731</u>	<u>\$ 166,609</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, as restated

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
\$ 104,330	\$ -	\$ 104,330
4,280	-	4,280
(64,084)	-	(64,084)
(245)	-	(245)
44,281		44,281
-	152,386	152,386
-	15,938	15,938
-	(16,169)	(16,169)
-	152,155	152,155
\$ 44,281	\$ 152,155	\$ 196,436
\$ 14,950	\$ -	\$ 14,950
78,419	-	78,419
49,661	-	49,661
12,555	-	12,555
110	-	110
4,200	825	5,025
30,984	178	31,162
190,879	1,003	191,882
235,160	153,158	388,318
497,417	1,701,386	2,198,803
\$ 732,577	\$ 1,854,544	\$ 2,587,121

FUND FINANCIAL STATEMENTS

VILLAGE OF ESTHERWOOD, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

<u>ASSETS</u>	<u>General</u>
Cash and interest-bearing deposits	\$ 232,119
Receivables:	
Due from other governmental agencies	14,362
Due from other funds	35,490
Accounts	<u>16,812</u>
Total assets	\$ <u>298,783</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ 18,163
Accrued liabilities	<u>3,784</u>
Total liabilities	<u>21,947</u>
Fund balances:	
Unassigned	<u>276,836</u>
Total liabilities and fund balances	\$ <u>298,783</u>

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

Total fund balance for the governmental funds	\$ 276,836
Capital assets, net	456,773
Long-term liabilities:	
Lease payable	<u>(1,032)</u>
Total net position of governmental activities	\$ <u>732,577</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, 2023

	<u>General</u>
Revenues:	
Taxes	\$ 143,030
Licenses and permits	25,443
Intergovernmental	177,286
Fines	69,608
Interest	110
Miscellaneous	<u>30,984</u>
Total revenues	<u>446,461</u>
Expenditures:	
Current:	
General government	78,820
Public safety	63,241
Public works	45,193
Capital outlay	162,802
Debt service	
Principal paid	2,885
Interest	<u>245</u>
Total expenditures	<u>353,186</u>
Excess (deficiency) of revenues over expenditures	<u>93,275</u>
Other financing sources (uses):	
Proceeds from sale of assets	<u>4,200</u>
Net change in fund balance	97,475
Fund balance at beginning of year	<u>179,361</u>
Fund balance at end of year	<u>\$ 276,836</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, 2023

Net changes in fund balance of governmental funds		\$ 97,475
Capital assets:		
Capital outlay	\$ 162,803	
Depreciation expense	<u>(27,895)</u>	134,908
Principal paid on lease		<u>2,777</u>
Change in net position of governmental activities		<u>\$ 235,160</u>

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 111,000	\$ 138,000	\$ 143,030	\$ 5,030
Licenses and permits	22,000	25,000	25,443	443
Intergovernmental	86,400	166,400	177,286	10,886
Fines and forfeits	60,000	60,000	69,608	9,608
Interest income	-	-	110	110
Miscellaneous	10,000	27,000	30,984	3,984
Total revenues	289,400	416,400	446,461	30,061
 Expenditures:				
Current -				
General government	81,450	82,450	78,820	3,630
Public safety	67,100	64,800	63,241	1,559
Public works	49,850	43,650	45,193	(1,543)
Capital outlay	85,000	164,000	162,802	1,198
Debt service:				
Principal paid	3,000	3,000	2,885	115
Interest	-	-	245	(245)
Total expenditures	285,400	357,900	353,186	4,714
Excess of revenues over expenditures	4,000	58,500	93,275	34,775
 Other financing sources (uses):				
Proceeds from sale of assets	-	4,200	4,200	-
Net change in fund balance	4,000	62,700	97,475	34,775
Fund balance, beginning	179,361	179,361	179,361	-
Fund balance, ending	\$ 183,361	\$ 242,061	\$ 276,836	\$ 34,775

VILLAGE OF ESTHERWOOD, LOUISIANA
 PROPRIETARY FUNDS

STATEMENT OF NET POSITION
 June 30, 2023

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and interest-bearing deposits	\$ 357,009	\$ 64,325	\$ 421,334
Receivables -			
Accounts, net	12,774	6,170	18,944
Unbilled utility receivables	8,522	4,304	12,826
Due from other governmental agencies	-	-	-
Due from other funds	-	-	-
Total current assets	378,305	74,799	453,104
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	97,999	19,615	117,614
Capital assets -			
Land and construction in progress	-	37,480	37,480
Capital assets, net	1,167,582	876,232	2,043,814
Total noncurrent assets	1,265,581	933,327	2,198,908
Total assets	\$1,643,886	\$1,008,126	\$2,652,012

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VILLAGE OF ESTHERWOOD, LOUISIANA
 PROPRIETARY FUNDS

STATEMENT OF NET POSITION
 June 30, 2023

	<u>Enterprise Funds</u>		
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payables	\$ 2,002	\$ -	\$ 2,002
Due to other funds	23,953	11,537	35,490
Payable from restricted assets -			
Customers' deposits	20,420	19,615	40,035
Revenue bonds payable	32,000	-	32,000
Total current liabilities	<u>78,375</u>	<u>31,152</u>	<u>109,527</u>
Noncurrent liabilities:			
Revenue bonds payable	<u>485,000</u>	<u>-</u>	<u>485,000</u>
Total noncurrent liabilities	<u>485,000</u>	<u>-</u>	<u>485,000</u>
Total liabilities	<u>563,375</u>	<u>31,152</u>	<u>594,527</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenues	<u>202,941</u>	<u>-</u>	<u>202,941</u>
 <u>NET POSITION</u>			
Net investment in capital assets	650,582	913,712	1,564,294
Restricted for debt service	77,579	-	77,579
Unrestricted (deficit)	<u>149,409</u>	<u>63,262</u>	<u>212,671</u>
Total net position	<u>\$ 877,570</u>	<u>\$ 976,974</u>	<u>\$1,854,544</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, 2023

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Operating revenues:			
Charges for services	\$ 197,168	\$ 97,700	\$ 294,868
Miscellaneous	89	89	178
Total operating revenues	197,257	97,789	295,046
Operating expenses:			
Salaries	22,959	21,501	44,460
Payroll taxes	1,764	1,638	3,402
Utilities	9,539	13,483	23,022
Repairs and maintenance	13,628	8,499	22,127
Legal and professional	11,511	10,895	22,406
Insurance	3,202	3,119	6,321
Operating supplies	16,576	6,562	23,138
Office supplies and expense	5,297	1,977	7,274
Depreciation and amortization	68,823	49,873	123,343
Other	12,847	9,460	22,307
Total operating expenses	166,146	127,007	297,800
Operating income (loss)	31,111	(29,218)	(2,754)
Nonoperating revenues (expenses):			
Interest expense	(16,169)	-	(16,169)
Gain (loss) on sale of capital assets	825	-	825
Total nonoperating revenues (expenses)	(15,344)	-	(15,344)
Income (loss) before contributions	15,767	(29,218)	(18,098)
Capital contributions and transfers:			
Capital contributions	121,364	45,245	166,609
Transfers in(out)	8,321	(8,321)	-
Total capital contributions and transfers	129,685	36,924	166,609
Change in net position	145,452	7,706	148,511
Net position at beginning of year, as restated	732,118	969,268	1,543,788
Net position at ending of year	\$ 877,570	\$ 976,974	\$1,692,299

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 204,274	\$ 97,580	\$ 301,854
Payments to suppliers	(72,564)	(96,326)	(168,890)
Payments to employees	(24,723)	(23,139)	(47,862)
Other receipts	89	89	178
Net cash provided by (used in) by operating activities	107,076	(21,796)	85,280
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from (paid to) other funds	8,321	(8,321)	-
Interfund payable increase	18,774	16,438	35,212
Net cash provided by noncapital financing activities	27,095	8,117	35,212
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES			
Principal paid on revenue bonds payable	(31,000)	-	(31,000)
Interest and fiscal charges paid on debt	(16,169)	-	(16,169)
Capital contributions	127,571	45,245	172,816
Proceeds from sale of capital assets	843	-	843
Acquisition of property, plant and equipment	(119,759)	(26,933)	(146,692)
Net cash provided by (used in) capital and related financing activities	(38,514)	18,312	(20,202)
Net increase in cash and cash equivalents	95,657	4,633	100,290
Cash and cash equivalents, beginning of period	359,351	79,307	438,658
Cash and cash equivalents, end of period	\$ 455,008	\$ 83,940	\$ 538,948
Cash and cash equivalents at end of year consisted of:			
Unrestricted cash	\$ 357,009	\$ 64,325	\$ 421,334
Restricted cash	97,999	19,615	117,614
Total	\$ 455,008	\$ 83,940	\$ 538,948

(continued on next page)

VILLAGE OF ESTHERWOOD, LOUISIANA
 PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 Year Ended June 30, 2023

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 31,111	\$ (29,218)	\$ (2,754)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	68,823	49,873	123,343
Changes in current assets and liabilities:			
(Increase) decrease in accounts and other receivables	7,096	(70)	7,026
Increase (decrease) in accounts and other payables	36	(42,331)	(42,295)
Increase (decrease) in customer meter deposits	10	(50)	(40)
Net cash provided by operating activities	\$ 107,076	\$ (21,796)	\$ 85,280

See accompanying notes to financial statements

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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 and Interest-Bearing Deposits

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

Interfund Receivables and Payables

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

Receivables

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

Capital Assets

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

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

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
Gas 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 is 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, 2022, any liability for this accumulated leave is considered immaterial to the financial statements taken as a whole and is therefore not recorded.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. The Village's deferred inflows of resources as of June 30, 2023 are related to grant funds received but not expended as of June 30, 2023.

Equity Classifications

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

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

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

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:

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

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

G. Interest Expense

Total interest incurred and expensed for the year ending June 30, 2023 for the proprietary funds and business-type activities was \$16,169. Total interest incurred and expensed for the year ended June 30, 2023 for the governmental funds and governmental activities was \$245.

H. Use of Estimates

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

I. Reclassifications

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

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	\$ 760,843	\$ 10,181
Bank balances:		
a. Federally insured	\$ 453,715	\$ 10,181
b. Collateralized by securities held by the pledging financial institution	184,587	-
c. Uncollateralized and uninsured	<u>130,163</u>	<u>-</u>
Total bank balances	\$ <u>818,465</u>	\$ <u>10,181</u>

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, 2023 are \$78,419.

Note 4. Restricted Assets - Enterprise Funds

Restricted assets consisted of the following:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Revenue bond sinking fund	\$ 11,209	\$ -	\$ 11,209
Revenue bond reserve fund	50,620	-	50,620
Revenue bond depreciation and contingency fund	15,750	-	15,750
Customer deposits	<u>20,420</u>	<u>19,615</u>	<u>40,035</u>
Total	<u>\$ 97,999</u>	<u>\$ 19,615</u>	<u>\$117,614</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,479	\$ -	\$ -	\$ 10,479
Construction in progress	-	4,259	-	4,259
Total capital assets not being depreciated	<u>10,479</u>	<u>4,259</u>	<u>-</u>	<u>14,738</u>
Capital assets being depreciated:				
Buildings and improvements	138,997	21,864	-	160,861
Land improvements	344,946	-	-	344,946
Machinery and equipment	126,027	3,274	-	129,301
Leased equipment	11,390	-	-	11,390
Infrastructure	<u>827,237</u>	<u>133,406</u>	<u>-</u>	<u>960,643</u>
Total capital assets being depreciated	<u>1,448,597</u>	<u>158,544</u>	<u>-</u>	<u>1,607,141</u>

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Less accumulated depreciation for:				
Buildings and improvements	125,321	3,784	-	129,105
Land improvements	343,129	46	-	343,175
Machinery and equipment	106,430	5,470	-	111,900
Leased equipment	7,054	2,278	-	9,332
Infrastructure	<u>555,277</u>	<u>16,317</u>	<u>-</u>	<u>571,594</u>
Total accumulated depreciation	<u>1,137,211</u>	<u>27,895</u>	<u>-</u>	<u>1,165,106</u>
Capital assets, being depreciated, net	<u>311,386</u>	<u>130,649</u>	<u>-</u>	<u>442,035</u>
Government activities capital assets, net	<u>\$ 321,865</u>	<u>\$ 134,908</u>	<u>\$ -</u>	<u>\$ 456,773</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 37,480	\$ -	\$ -	\$ 37,480
Capital assets being depreciated:				
Water utility system	1,597,353	117,759	1,541	1,713,571
Sewer utility system	2,048,383	24,933	-	2,073,316
Machinery and equipment	<u>76,867</u>	<u>4,000</u>	<u>-</u>	<u>80,867</u>
Total capital assets being depreciated	<u>3,722,603</u>	<u>146,692</u>	<u>1,541</u>	<u>3,867,754</u>
Less accumulated depreciation for:				
Water utility system	481,635	68,300	1,523	548,412
Sewer utility system	1,150,611	48,601	-	1,198,612
Machinery and equipment	<u>75,121</u>	<u>1,795</u>	<u>-</u>	<u>76,916</u>
Total accumulated depreciation	<u>1,706,767</u>	<u>118,696</u>	<u>1,523</u>	<u>1,823,940</u>
Capital assets, being depreciated, net	<u>2,015,836</u>	<u>27,996</u>	<u>18</u>	<u>2,043,814</u>
Business-type activities capital assets, net	<u>\$ 2,053,316</u>	<u>\$ 27,996</u>	<u>\$ 18</u>	<u>\$ 2,081,294</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,916
Public safety	2,087
Public works	<u>18,892</u>
Total depreciation expense	<u>\$ 27,895</u>

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

Water	\$ 68,823
Sewer	<u>49,873</u>
Total depreciation expense	<u>\$ 118,696</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>
Governmental activities:					
Financing lease, Dell financial services	\$ 1,442	\$ -	\$ 1,223	\$ 219	\$ 219
John Deere credit	<u>2,368</u>	<u>-</u>	<u>1,555</u>	<u>813</u>	<u>813</u>
Total governmental activities	<u>\$ 3,810</u>	<u>\$ -</u>	<u>\$ 2,778</u>	<u>\$ 1,032</u>	<u>\$ 1,032</u>
Business-type activities:					
Utilities revenue					
Refunding bonds, series 2014	<u>\$ 548,000</u>	<u>\$ -</u>	<u>\$ 31,000</u>	<u>\$ 517,000</u>	<u>\$ 32,000</u>

Long term debt payable is comprised of the following:

Governmental activities -

Direct borrowing - Financing leases:

\$7,193 lease-purchase agreement dated January 15, 2019, due in 60 monthly installment of \$138, including interest of 5.75 percent through December 15, 2023; secured by equipment, which is included in capital assets on the statement of net position. \$ 219

\$4,197 lease-purchase agreement dated September 1, 2019, due in 48 monthly installments of \$117, including interest of 12.25 percent through August 1, 2023; secured by equipment, which is included in capital assets on the statement of net position. 813

Total financing leases \$ 1,032

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. \$ 517,000

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,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,033	\$ 17	\$ 32,000	\$ 15,252
2025	-	-	33,000	14,308
2026	-	-	34,000	13,334
2027	-	-	36,000	12,331
2028	-	-	37,000	11,269
2029-2033	-	-	205,000	39,207
2034-2036	-	-	140,000	8,349
	<u>\$ 1,033</u>	<u>\$ 17</u>	<u>\$ 517,000</u>	<u>\$ 114,050</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, 2023.

Note 8. Interfund Transactions

Interfund balances consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 35,490	\$ -
Water Utility Fund	-	23,953
Sewer Utility Fund	-	11,537
Total	<u>\$ 35,490</u>	<u>\$ 35,490</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	\$ 8,321	\$ -
Sewer Utility Fund:		
Water Utility Fund	<u>-</u>	<u>8,321</u>
Grand totals	<u>\$ 8,321</u>	<u>\$ 8,321</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, 2023. 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**	300
Emily Mire	600
Michael Mouton**	300
Michael Stutes*	300
Jo Ann Trahan*	300

*Term ended December 31, 2022

**Term began January 1, 2023

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

At June 30, 2023, there is no pending litigation against the Village.

Note 13. Restatement of Net Position

The beginning net position, as reflected on the Statement of Activities in total for business-type activities, as well as the beginning net position on the Statement of Revenues, Expenditures, and Changes in Net Position for the sewer utility fund, has been restated to reflect the removal of the sewer asset retirement obligation. This obligation has been removed because the Village has determined that they no longer have an obligating event that would require recording of the obligation. The Statement of Activities balance as of June 30, 2022 of \$1,547,788 has been adjusted by \$157,598 to reflect a restated balance as of July 1, 2022 of \$1,701,386. The Statement of Revenues, Expenditures, and Changes in Net Position balance for the sewer utility fund as of June 30, 2022 of \$811,670 has been adjusted by \$157,598 to reflect a restated balance as of July 1, 2022 of \$969,268.

Note 14. Subsequent Events

The Village has performed a review of subsequent events through December 18, 2023, 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, 2023

Mayor Donna Bertrand

Salary for Mayoral Function	\$ 1,200
Wages Paid for Bookkeeping Function	<u>22,867</u>
Total	<u>\$ 24,067</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
Year Ended June 30, 2023

	First Six Month Period Ended <u>12/31/2022</u>	Variance with Month Period Ended <u>6/30/2023</u>
Beginning balance of amounts collected	\$ -	\$ 931
Add: collections -		
Civil fees	-	-
Bond fees	-	-
Asset forfeiture/sale	-	-
Pre-trial diversion program fees	-	-
Criminal court costs/fees	7,159	11,958
Criminal fines - contempt	-	-
Criminal fines - other	19,773	31,980
Restitution	-	-
Probation/parole/supervision fees	-	-
Service/collection fees	-	-
Interest earnings on collected balances	-	-
Other	-	-
Subtotal collections	<u>26,932</u>	<u>43,938</u>
Less: disbursements to governments and nonprofits -		
Crime stoppers of Acadia, Inc - criminal fines	160	408
Acadiana Criminalistics Laboratory - criminal fines	2,350	5,700
Louisiana Commission on Law Enforcement - criminal fines	182	461
Louisiana State Treasurer CMIS - criminal fines	80	204
LA Dept of Health & Hospitals THI/SCI - criminal fines	295	675
Judicial Administrator, Supreme Court of Louisiana - criminal fines	40	102
Less: amounts retained by collecting agency		
Amounts "self-disbursed" to collecting agency - criminal court costs/fees	3,121	5,339
Amounts "self-disbursed" to collecting agency - criminal fines other	<u>19,773</u>	<u>31,980</u>
Subtotal disbursements/retainage	<u>26,001</u>	<u>44,869</u>
Ending balance of amounts collected but not disbursed/retained	<u>\$ 931</u>	<u>\$ -</u>

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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL
AND COMPLIANCE

INDEPENDENT AUDITORS' REPORT OF 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, 2023, 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, 2023.

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 did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be material weaknesses (items 2023-001 and 2023-002).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Estherwood, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-003.

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 is 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.

Matthew Quil + Bunch

Lake Charles, Louisiana
December 18, 2023

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VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2023

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? X Yes No

Significant deficiency identified
not considered to be
material weakness? Yes X None reported

Noncompliance material to financial statements
noted? X Yes No

(continued on next page)

VILLAGE OF ESTHERWOOD, LOUIAIANA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2023
(Continued)

FINANCIIAL STATEMENT FINDINGS

2023-001 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.

2023-002 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 QUESTIONED COSTS
Year Ended June 30, 2023
(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.

2023-003 Deposits in Excess of Federally Insured Amounts

Condition: Deposits in excess of federally insured amounts were not fully collateralized at year end.

Criteria: Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value.

Effect: Without adequate collateral, the deposits are subject to deposit risk.

Recommendation: Management should ensure that all deposits in excess of federal insured amounts are collateralized.

Response: We recognize this issue and are in the process of moving excess funds to LAMP investment accounts.

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS

2022-001 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 2023-001.

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, 2022 through June 30, 2023. 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, 2022 through June 30, 2023. 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) *Written Policies and Procedures*

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

*i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.*

No exceptions noted.

- ii. Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- iii. Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

- iv. Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

- v. Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

- vi. Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions noted.

- vii. Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- viii. Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, and (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).

No exceptions noted.

- ix. Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

- x. Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

- xi. Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

- xii. Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws or other equivalent document.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

- iv. *Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.*

No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).

No exceptions noted.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

No exceptions noted.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

4) 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 each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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.

5) 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 #5A 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 #5A 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.

One disbursement did not have evidence of segregation of duties.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, 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.

Two electronic disbursements were not approved by the required number of authorized signers.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

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

No exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder.

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a

compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

7) 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.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment: and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).

No exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials:

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records:

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

The authorized salary/pay rate for one selected employee was not found within the personnel file.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee/officials' authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

The authorized salary/pay rate for the only terminated employee was not found within the personnel file.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the five randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management and:

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

No exceptions noted.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable:

No exceptions noted.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

N/A – No bonds or debt instruments issued during the fiscal period.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants):

No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No misappropriations of assets during the fiscal period.

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds:

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Two employees did not complete sexual harassment training.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements.

No exceptions noted.

- ii. Number of sexual harassment complaints received by the agency.

No exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.

No exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

No exceptions noted.

- v. Amount of time it took to resolve each complaint.

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.

A handwritten signature in blue ink, appearing to read "Matthew Quil + Beach".

Lake Charles, Louisiana
December 18, 2023



VILLAGE OF ESTHERWOOD

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EMAIL ADDRESS: esthervillageof@gmail.com

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Donna Bertrand

Mayor

Emily Mire

Alderswoman-Mayor Pro-Temp

Layne Broussard

Alderswoman

Michael Mouton

Alderman

Wayne Welch

Chief of Police

Beverly Nolan

Village Clerk

December 18, 2023

McElroy, Quirk & Burch
PO Box 3070
Lake Charles, LA 70602-3070

In response to the exception on Procedure #4B 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 #5B Non-Payroll Disbursements, due to the size of the entity, complete segregation of this function is not always possible.

In response to the exception on Procedure #5C Non-Payroll Disbursements, we will establish a system that ensures all disbursement documentation includes evidence of segregation of duties where possible.

In response to the exception on Procedure #5D Non-Payroll Disbursements, we will establish a system that ensures all electronic disbursements are approved by an authorized person and the required number of signers.

In response to the exceptions on Procedure #9B and #9C Payroll and Personnel, we will establish a system that ensures all authorized pay rates are filed in personnel files.

In response to the exception on Procedure #14A Prevention of Sexual Harassment, we will establish a system that ensures all employees complete sexual harassment training.

Signature

Donna Bertrand

Title

Mayor