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**VILLAGE OF ESTHERWOOD, LOUISIANA**  
**FINANCIAL REPORT**  
**JUNE 30, 2005**

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

Release Date 2-1-06

## C O N T E N T S

	Exhibit/ Schedule	Page
INDEPENDENT AUDITORS' REPORT	-	1 and 2
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements (GWFS):		
Statement of Net Assets	A	4
Statement of Activities	B	6 and 7
Fund Financial Statements (FFS):		
Balance Sheet - Governmental Funds	C	10 and 11
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	E	14 and 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	16
Statement of Net Assets - Proprietary Funds - Business-Type Activities - Enterprise Funds	G	18 and 19
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds - Business-Type Activities - Enterprise Funds	H	20
Statement of Cash Flows - Proprietary Funds - Business-Type Activities - Enterprise Funds	I	22 and 23
Notes to Financial Statements	-	24 - 41
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedules:		
General Fund	J-1	44 - 46
Sales Tax Fund	J-2	47
Note to the Budgetary Comparison Schedules	J-3	48
OTHER SUPPLEMENTARY INFORMATION		
Schedule of Compensation Paid to Mayor/Board of Aldermen	1	50
Schedule of Utilities Rates	2	51
Miscellaneous Statistical Data	3	52
Schedule of Aged Accounts Receivable	4	53
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>		
	-	55 and 56
Schedule of Findings and Questioned Costs	5	57
Schedule of Prior Year Findings	6	58



## **BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**

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### INDEPENDENT AUDITORS' REPORT

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

Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Troy J. Breaux, CPA\*  
Fayette T. Dupré, CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breaux, CPA\*  
Terrel P. Dressel, CPA\*  
Craig J. Viator, CPA\*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Estherwood, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

*Retired:*

Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Larry G. Broussard, CPA\* 1996  
Lawrence A. Cramer, CPA\* 1999  
Ralph Friend, CPA\* 2002  
Eugene C. Gilder, CPA\* 2004

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, each major fund, and the aggregate remaining fund information of the Village of Estherwood, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2005, on our consideration of the Village of Estherwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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 budgetary comparison schedules listed as required supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information listed as other supplementary information in the table of contents has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

*Broussard, Roche, Lewin & Breau, L.L.P.*

Lafayette, Louisiana  
November 29, 2005

BASIC FINANCIAL STATEMENTS  
Government-Wide Financial Statements (GWFS)

## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF NET ASSETS  
June 30, 2005

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash	\$ 10,068	\$ 18,312	\$ 28,380
Accounts receivable, net	-	12,371	12,371
Unbilled services receivable	-	6,253	6,253
Franchise fee receivable	6,006	-	6,006
Due from other governmental agencies	2,338	-	2,338
Internal balances	204,508	(204,508)	-
Restricted assets:			
Cash	-	67,656	67,656
Certificates of deposit	-	10,075	10,075
Capital assets:			
Non-depreciable	10,479	37,480	47,959
Depreciable, net	<u>222,830</u>	<u>1,096,218</u>	<u>1,319,048</u>
Total assets	<u>\$ 456,229</u>	<u>\$ 1,043,857</u>	<u>\$1,500,086</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 3,202	\$ 19,202	\$ 22,404
Accrued liabilities	2,380	-	2,380
Customers' deposits	-	21,994	21,994
Accrued interest payable	-	3,152	3,152
Long-term liabilities -			
Portion due or payable within one year:			
Revenue bonds payable	-	20,392	20,392
Portion due or payable after one year:			
Revenue bonds payable	<u>-</u>	<u>42,998</u>	<u>42,998</u>
Total liabilities	<u>\$ 5,582</u>	<u>\$ 107,738</u>	<u>\$ 113,320</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 233,309	\$ 1,070,308	\$1,303,617
Restricted for debt service	-	53,007	53,007
Unrestricted	<u>217,338</u>	<u>(187,196)</u>	<u>30,142</u>
Total net assets	<u>\$ 450,647</u>	<u>\$ 936,119</u>	<u>\$1,386,766</u>
Total liabilities and net assets	<u>\$ 456,229</u>	<u>\$ 1,043,857</u>	<u>\$1,500,086</u>

See Notes to Financial Statements.

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VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines, and Charges for Services</u>	<u>Capital Grants and Contributions</u>
Governmental activities:			
General government	\$ 37,036	\$ -	\$ 50,960
Public safety	11,322	9,181	-
Public works	48,705	4,821	-
Culture and recreation	125	-	-
Total governmental activities	<u>\$ 97,188</u>	<u>\$ 14,002</u>	<u>\$ 50,960</u>
Business-type activities:			
Water	\$ 83,501	\$ 63,309	\$ -
Gas	87,450	79,042	-
Sewer	91,362	53,030	9,285
Total business-type activities	<u>\$ 262,313</u>	<u>\$ 195,381</u>	<u>\$ 9,285</u>
Total government	<u>\$ 359,501</u>	<u>\$ 209,383</u>	<u>\$ 60,245</u>
General revenues:			
Taxes -			
Property			
Sales and use			
Franchise			
Other			
Licenses and permits			
Grants and contributions not restricted to specific programs			
Investment income			
Miscellaneous			
Total general revenues			
Change in net assets			
Net assets, beginning, as restated			
Net assets, ending			

See Notes to Financial Statements.



Net (Expense) Revenue and  
Change in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 13,924	\$ -	\$ 13,924
(2,141)	-	(2,141)
(43,884)	-	(43,884)
<u>(125)</u>	<u>-</u>	<u>(125)</u>
\$ <u>(32,226)</u>	\$ <u>-0-</u>	\$ <u>(32,226)</u>
\$ -	\$ (20,192)	\$ (20,192)
-	(8,408)	(8,408)
<u>-</u>	<u>(29,047)</u>	<u>(29,047)</u>
\$ <u>-0-</u>	\$ <u>(57,647)</u>	\$ <u>(57,647)</u>
\$ <u>(32,226)</u>	\$ <u>(57,647)</u>	\$ <u>(89,873)</u>
\$ 9,669	\$ -	\$ 9,669
24,121	-	24,121
31,334	-	31,334
2,923	-	2,923
15,969	-	15,969
1,146	-	1,146
39	622	661
<u>702</u>	<u>20,336</u>	<u>21,038</u>
\$ <u>85,903</u>	\$ <u>20,958</u>	\$ <u>106,861</u>
\$ 53,677	\$ (36,689)	\$ 16,988
<u>396,970</u>	<u>972,808</u>	<u>1,369,778</u>
\$ <u>450,647</u>	\$ <u>936,119</u>	\$ <u>1,386,766</u>

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BASIC FINANCIAL STATEMENTS  
Fund Financial Statements (FFS)

VILLAGE OF ESTHERWOOD, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005

ASSETS	General Fund	Sales Tax Fund	Office Renovation Project Fund
Cash	\$ 2,355	\$ 7,688	\$ -
Franchise fee receivable	6,006	-	-
Due from other governmental agencies	1,781	-	-
Due from other funds	<u>193,234</u>	<u>49,667</u>	<u>-</u>
Total assets	<u>\$203,376</u>	<u>\$ 57,355</u>	<u>\$ -0-</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,129	\$ 73	\$ -
Accrued liabilities	2,380	-	-
Due to other funds	<u>38,368</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ 43,877	\$ 73	\$ -0-
FUND BALANCES			
Unreserved and undesignated	<u>159,499</u>	<u>57,282</u>	<u>-</u>
Total liabilities and fund balances	<u>\$203,376</u>	<u>\$ 57,355</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ 25	\$ 10,068
-	6,006
-	1,781
-	<u>242,901</u>
<u>\$ 25</u>	<u>\$ 260,756</u>

\$ -	\$ 3,202
-	2,380
<u>25</u>	<u>38,393</u>
\$ 25	\$ 43,975
-	<u>216,781</u>
<u>\$ 25</u>	<u>\$ 260,756</u>

VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET ASSETS  
June 30, 2005

Total fund balances - governmental funds	\$216,781
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	
Capital assets, net	233,309
Some revenues were not considered measurable at year end and therefore not available soon enough to pay for current period expenditures.	<u>557</u>
Net assets of governmental activities	<u>\$450,647</u>

See Notes to Financial Statements.

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VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 Year Ended June 30, 2005

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Office Renovation Project Fund</u>
Revenues:			
Taxes	\$ 43,926	\$ 23,564	\$ -
Licenses and permits	16,369	-	-
Intergovernmental	1,146	-	50,960
Charges for services	4,421	-	-
Fines and forfeits	9,181	-	-
Investment income	39	-	-
Miscellaneous	<u>702</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 75,784</u>	<u>\$ 23,564</u>	<u>\$ 50,960</u>
Expenditures:			
Current -			
General government	\$ 23,111	\$ 11,690	\$ -
Public safety	10,413	-	-
Public works	24,074	-	-
Culture and recreation	125	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>64,040</u>
Total expenditures	<u>\$ 57,723</u>	<u>\$ 11,690</u>	<u>\$ 64,040</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 18,061</u>	<u>\$ 11,874</u>	<u>\$ (13,080)</u>
Other financing sources (uses):			
Transfers in	\$ -	\$ -	\$ 13,080
Transfers out	<u>-</u>	<u>(13,080)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ -0-</u>	<u>\$ (13,080)</u>	<u>\$ 13,080</u>
Net change in fund balances	<u>\$ 18,061</u>	<u>\$ (1,206)</u>	<u>\$ -0-</u>
Fund balances, beginning, as previously reported	\$133,724	\$ 58,488	\$ -
Prior period adjustment	<u>7,714</u>	<u>-</u>	<u>-</u>
Fund balances, beginning, as restated	<u>\$141,438</u>	<u>\$ 58,488</u>	<u>\$ -0-</u>
Fund balances, ending	<u>\$159,499</u>	<u>\$ 57,282</u>	<u>\$ -0-</u>
See Notes to Financial Statements.			



Exhibit E

<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 67,490
-	16,369
-	52,106
-	4,421
-	9,181
-	39
-	702
<u>\$ -0-</u>	<u>\$ 150,308</u>
\$ -	\$ 34,801
-	10,413
-	24,074
-	125
-	64,040
<u>\$ -0-</u>	<u>\$ 133,453</u>
<u>\$ -0-</u>	<u>\$ 16,855</u>
\$ -	\$ 13,080
-	(13,080)
<u>\$ -0-</u>	<u>\$ -0-</u>
<u>\$ -0-</u>	<u>\$ 16,855</u>
\$ -	\$ 192,212
-	7,714
<u>\$ -0-</u>	<u>\$ 199,926</u>
<u>\$ -0-</u>	<u>\$ 216,781</u>

## VILLAGE OF ESTHERWOOD, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2005

Net change in fund balances - total governmental funds		\$ 16,855
<p>The change in net assets reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays	\$ 64,040	
Depreciation expense	<u>(27,775)</u>	36,265
<p>Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.</p>		
Sales and use taxes		<u>557</u>
Change in net assets of governmental activities		<u>\$ 53,677</u>

See Notes to Financial Statements.

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VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
 June 30, 2005

ASSETS	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 1,662	\$ 936	\$ 15,714	\$ 18,312
Accounts receivable, net	5,412	3,135	3,824	12,371
Unbilled services receivable	2,799	1,421	2,033	6,253
Due from other funds	<u>14,849</u>	<u>18,640</u>	<u>-</u>	<u>33,489</u>
Total current assets	<u>\$ 24,722</u>	<u>\$ 24,132</u>	<u>\$ 21,571</u>	<u>\$ 70,425</u>
<b>RESTRICTED ASSETS</b>				
Cash	\$ 4,158	\$ 3,208	\$ 60,290	\$ 67,656
Certificates of deposit	<u>4,267</u>	<u>2,785</u>	<u>3,023</u>	<u>10,075</u>
Total restricted assets	<u>\$ 8,425</u>	<u>\$ 5,993</u>	<u>\$ 63,313</u>	<u>\$ 77,731</u>
<b>CAPITAL ASSETS</b>				
Non-depreciable	\$ -	\$ -	\$ 37,480	\$ 37,480
Depreciable, net	<u>184,421</u>	<u>8,547</u>	<u>903,250</u>	<u>1,096,218</u>
Total capital assets	<u>\$184,421</u>	<u>\$ 8,547</u>	<u>\$ 940,730</u>	<u>\$1,133,698</u>
Total assets	<u>\$217,568</u>	<u>\$ 38,672</u>	<u>\$1,025,614</u>	<u>\$1,281,854</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
CURRENT LIABILITIES (payable from current assets)				
Accounts payable	\$ 13,569	\$ 3,409	\$ 2,224	\$ 19,202
Due to other funds	<u>98,952</u>	<u>70,673</u>	<u>68,372</u>	<u>237,997</u>
Total current liabilities (payable from current assets)	<u>\$112,521</u>	<u>\$ 74,082</u>	<u>\$ 70,596</u>	<u>\$ 257,199</u>
CURRENT LIABILITIES (payable from restricted assets)				
Customers' deposits	\$ 8,650	\$ 5,960	\$ 7,384	\$ 21,994
Revenue bonds payable	-	-	20,392	20,392
Accrued interest payable	<u>-</u>	<u>-</u>	<u>3,152</u>	<u>3,152</u>
Total current liabilities (payable from restricted assets)	<u>\$ 8,650</u>	<u>\$ 5,960</u>	<u>\$ 30,928</u>	<u>\$ 45,538</u>
Total current liabilities	\$121,171	\$ 80,042	\$ 101,524	\$ 302,737
LONG-TERM LIABILITIES				
Revenue bonds payable	<u>-</u>	<u>-</u>	<u>42,998</u>	<u>42,998</u>
Total liabilities	<u>\$121,171</u>	<u>\$ 80,042</u>	<u>\$ 144,522</u>	<u>\$ 345,735</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$184,421	\$ 8,547	\$ 877,340	\$1,070,308
Restricted for debt service	-	-	53,007	53,007
Unrestricted	<u>(88,024)</u>	<u>(49,917)</u>	<u>(49,255)</u>	<u>(187,196)</u>
Total net assets	<u>\$ 96,397</u>	<u>\$ (41,370)</u>	<u>\$ 881,092</u>	<u>\$ 936,119</u>
Total liabilities and net assets	<u>\$217,568</u>	<u>\$ 38,672</u>	<u>\$1,025,614</u>	<u>\$1,281,854</u>

## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
Year Ended June 30, 2005

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
Operating revenues:				
Charges for services	\$ 63,309	\$ 79,042	\$ 53,030	\$ 195,381
Miscellaneous	<u>2,118</u>	<u>2,192</u>	<u>1,026</u>	<u>5,336</u>
Total operating revenues	<u>\$ 65,427</u>	<u>\$ 81,234</u>	<u>\$ 54,056</u>	<u>\$ 200,717</u>
Operating expenses:				
Salaries and payroll taxes	\$ 22,398	\$ 21,557	\$ 22,234	\$ 66,189
Materials and supplies	8,152	2,920	1,057	12,129
Office expenses	2,314	1,257	1,124	4,695
Depreciation	11,005	747	33,097	44,849
Utilities	5,714	365	8,056	14,135
Fuel purchased	-	46,972	-	46,972
Professional services	1,525	1,305	2,613	5,443
Repairs and maintenance	29,448	3,966	15,000	48,414
Lab fees	-	-	2,500	2,500
Insurance	2,355	3,044	1,063	6,462
Safety inspection fees	-	2,380	-	2,380
Miscellaneous	<u>590</u>	<u>2,937</u>	<u>1,443</u>	<u>4,970</u>
Total operating expenses	<u>\$ 83,501</u>	<u>\$ 87,450</u>	<u>\$ 88,187</u>	<u>\$ 259,138</u>
Operating loss	<u>\$(18,074)</u>	<u>\$(6,216)</u>	<u>\$(34,131)</u>	<u>\$(58,421)</u>
Nonoperating revenues (expenses):				
Investment income	\$ 37	\$ 31	\$ 554	\$ 622
Interest expense	-	-	(3,175)	(3,175)
Grant revenue	-	-	9,285	9,285
Other income	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Total nonoperating revenues (expenses)	<u>\$ 37</u>	<u>\$ 31</u>	<u>\$ 21,664</u>	<u>\$ 21,732</u>
Change in net assets	\$(18,037)	\$ (6,185)	\$ (12,467)	\$ (36,689)
Net assets, beginning	<u>114,434</u>	<u>(35,185)</u>	<u>893,559</u>	<u>972,808</u>
Net assets, ending	<u>\$ 96,397</u>	<u>\$(41,370)</u>	<u>\$ 881,092</u>	<u>\$ 936,119</u>

See Notes to Financial Statements.

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## VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
 Year Ended June 30, 2005

	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 59,183	\$ 77,271	\$ 50,786	\$ 187,240
Payments to suppliers for goods and services	(40,410)	(57,210)	(12,087)	(109,707)
Payments to employees and for employee related costs	(22,398)	(21,557)	(22,234)	(66,189)
Other receipts	<u>2,118</u>	<u>2,192</u>	<u>1,026</u>	<u>5,336</u>
Net cash provided by (used in) operating activities	<u>\$ (1,507)</u>	<u>\$ 696</u>	<u>\$ 17,491</u>	<u>\$ 16,680</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase in customers' deposits, net	<u>\$ 600</u>	<u>\$ 578</u>	<u>\$ 665</u>	<u>\$ 1,843</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	<u>\$ 37</u>	<u>\$ 31</u>	<u>\$ 554</u>	<u>\$ 622</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	\$ -	\$ (3,330)	\$ -	\$ (3,330)
Principal payments	-	-	(19,420)	(19,420)
Grant revenue	-	-	9,285	9,285
Other income	-	-	15,000	15,000
Interest paid	<u>-</u>	<u>-</u>	<u>(4,140)</u>	<u>(4,140)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ -0-</u>	<u>\$ (3,330)</u>	<u>\$ 725</u>	<u>\$ (2,605)</u>
Net increase (decrease) in cash	\$ (870)	\$ (2,025)	\$ 19,435	\$ 16,540
Cash, beginning	<u>6,690</u>	<u>6,169</u>	<u>56,569</u>	<u>69,428</u>
Cash, ending	<u>\$ 5,820</u>	<u>\$ 4,144</u>	<u>\$ 76,004</u>	<u>\$ 85,968</u>

(continued)



VILLAGE OF ESTHERWOOD, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS  
 Year Ended June 30, 2005

	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	\$(18,074)	\$ (6,216)	\$(34,131)	\$ (58,421)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	11,005	747	33,097	44,849
Change in assets and liabilities -				
Receivables	(4,126)	(1,771)	(2,244)	(8,141)
Due from other funds	(94)	(502)	-	(596)
Accounts and other payables	9,617	200	198	10,015
Due to other funds	<u>165</u>	<u>8,238</u>	<u>20,571</u>	<u>28,974</u>
Net cash provided by (used in) operating activities	<u>\$ (1,507)</u>	<u>\$ 696</u>	<u>\$ 17,491</u>	<u>\$ 16,680</u>
 CASH REPORTED ON STATEMENT OF NET ASSETS				
Current	\$ 1,662	\$ 936	\$ 15,714	\$ 18,312
Restricted	<u>4,158</u>	<u>3,208</u>	<u>60,290</u>	<u>67,656</u>
	<u>\$ 5,820</u>	<u>\$ 4,144</u>	<u>\$ 76,004</u>	<u>\$ 85,968</u>

See Notes to Financial Statements.

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Estherwood, Louisiana, (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Village are described below.

Financial reporting entity -

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

Primary government -

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

Component units -

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

### *Basis of presentation:*

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

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

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

### Government-wide financial statements -

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

### Fund financial statements -

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

## NOTES TO FINANCIAL STATEMENTS

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

The Village reports the following major governmental funds:

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

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

Office Renovation Project Fund - used to account for the costs associated with renovating Village Hall, which is partially funded with grant monies.

The Village reports the following major proprietary funds:

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

### Basis of accounting - measurement focus:

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

### Government-wide and proprietary fund financial statements -

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

### Governmental fund financial statements -

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

## NOTES TO FINANCIAL STATEMENTS

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

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are not susceptible to accrual because they are generally not measurable until received in cash.

### Budgets and budgetary accounting:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget is employed as a management control device during the year that assists its users in financial activity analysis. All budget appropriations lapse at year-end.

### Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Village has no cash equivalents at June 30, 2005.

### Investments:

Under State law, the Village may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Village's investments at June 30, 2005, consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are not subject to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," and are therefore stated at cost.

## NOTES TO FINANCIAL STATEMENTS

### Receivables:

Accounts receivable for the Water, Gas, and Sewer Utility Funds are reported net of an allowance for doubtful accounts. The allowance amount at June 30, 2005 for the Water, Gas, and Sewer Utility funds was \$876, \$4,196, and \$637, respectively.

### Interfund receivables and payables:

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

### Restricted assets:

Certain resources of the Water, Gas, and Sewer Utility funds are classified as restricted assets in the financial statements because their use is limited by applicable debt restrictions or because they represent customers' deposits being held by the Village.

### Fixed assets:

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

### Government-wide financial statements -

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

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



NOTES TO FINANCIAL STATEMENTS

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

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

Fund financial statements -

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

Compensated absences:

Sick leave is credited to permanent full-time employees at a rate of 1.25 days for each month of continuous employment. Unused sick leave is not paid upon termination or separation from employment and is therefore not recorded in the financial statements. Employees earn vacation leave at varying rate of 10 to 20 days per year, depending on length of service. Unused vacation leave is paid upon termination or separation from employment. As of June 30, 2005, any liability for this accumulated leave is considered immaterial to the financial statements taken as a whole and is therefore not recorded.

Long-term debt:

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds 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. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

## NOTES TO FINANCIAL STATEMENTS

### Equity classifications:

#### Government-wide statements -

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

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

#### Fund financial statements -

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

### Bad debts:

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

### Interfund transfers:

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

### Impairment of long-lived assets:

In August 2001, the Financial Accounting Standards Board issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement requires that a single accounting model be used for long-lived assets to be disposed of by sale, and broadens the presentation of discontinued operations to include more disposal transactions. The Statement requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less

NOTES TO FINANCIAL STATEMENTS

than the assets' carrying amounts. A review of such assets of the Village has not indicated any material effect on the Village's financial position or results of operations.

Use of estimates:

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

Note 2. Property Taxes

Government-wide financial statements -

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

Governmental fund financial statements -

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

For the year ended June 30, 2005, property taxes of 7.05 mills were levied for general corporate purposes on assessed valuations totaling \$1,368,650. Total taxes levied were \$9,650, all of which was collected by year end.

Note 3. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2005 consisted of the following:

Fund financial statements:

Governmental funds -

Alcoholic beverage tax receivable	\$ 307
State highway maintenance fees receivable	<u>1,474</u>
	<u>\$ 1,781</u>

NOTES TO FINANCIAL STATEMENTS

Government-wide financial statements:

Total amount reported in the governmental fund financial statements from above	\$ 1,781
Additional sales and use taxes due from the Acadia Parish School Board	<u>557</u>
	<u>\$ 2,338</u>

Note 4. Interfund Balances

Interfund balances reported in the fund financial statements at June 30, 2005 consisted of the following individual fund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 193,234	\$ 38,368
Sales Tax Fund	49,667	-
Other Governmental Fund	-	25
Water Utility Fund	14,849	98,952
Gas Utility Fund	18,640	70,673
Sewer Utility Fund	<u>-</u>	<u>68,372</u>
Total interfund balances	<u>\$ 276,390</u>	<u>\$ 276,390</u>

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

Note 5. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2005 is as follows:

	<u>Beginning Balance *</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	<u>\$ 10,479</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,479</u>

(continued)

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation (Continued)

	Beginning Balance *	Increases	Decreases	Ending Balance
Capital assets being depreciated -				
Buildings and improvements	\$ 412,106	\$ 64,040	\$ -	\$ 476,146
Machinery and equipment	114,995	-	(4,547)	110,448
Infrastructure	369,179	-	-	369,179
Total capital assets being depreciated	\$ 896,280	\$ 64,040	\$ (4,547)	\$ 955,773
Less accumulated depreciation for -				
Buildings and improvements	\$ (405,083)	\$ (2,305)	\$ -	\$ (407,388)
Machinery and equipment	(90,148)	(7,011)	4,547	(92,612)
Infrastructure assets	(214,484)	(18,459)	-	(232,943)
Total accumulated depreciation	\$ (709,715)	\$ (27,775)	\$ 4,547	\$ (732,943)
Total governmental capital assets being depreciated, net	\$ 186,565	\$ 36,265	\$ -0-	\$ 222,830
Total governmental activities capital assets, net	\$ 197,044	\$ 36,265	\$ -0-	\$ 233,309
Business-type activities:				
Capital assets, not being depreciated -				
Land	\$ 37,480	\$ -0-	\$ -0-	\$ 37,480
Capital assets being depreciated -				
Water utility system	\$ 423,101	\$ -	\$ -	\$ 423,101
Gas utility system	55,962	-	-	55,962
Sewer utility system	1,413,257	-	-	1,413,257
Machinery and equipment	79,391	3,331	(9,571)	73,151
Total capital assets being depreciated	\$ 1,971,711	\$ 3,331	\$ (9,571)	\$ 1,965,471

(continued)

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation (Continued)

	<u>Beginning Balance *</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for -				
Water utility system	\$ (240,858)	\$ (7,698)	\$ -	\$ (248,556)
Gas utility system	(55,962)	-	-	(55,962)
Sewer utility system	(492,540)	(28,437)	-	(520,977)
Machinery and equipment	<u>(44,615)</u>	<u>(8,714)</u>	<u>9,571</u>	<u>(43,758)</u>
 Total accumulated depreciation	 \$ (833,975)	 \$ (44,849)	 \$ 9,571	 \$ (869,253)
 Total business-type assets being depreciated, net	 \$ 1,137,736	 \$ (41,518)	 \$ -0-	 \$ 1,096,218
 Total business-type activities capital assets, net	 \$ 1,175,216	 \$ (41,518)	 \$ -0-	 \$ 1,133,698

\* As Restated

Depreciation expense for the year ended June 30, 2005 was charged as follows:

Governmental activities:	
General government	\$ 2,235
Public safety	909
Public works	<u>24,631</u>
 Total governmental activities depreciation expense	 \$ <u>27,775</u>
 Business-type activities:	
Water	\$ 11,005
Gas	747
Sewer	<u>33,097</u>
 Total business-type activities depreciation expense	 \$ <u>44,849</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Restricted Assets - Enterprise Funds

Restricted assets of the enterprise funds were applicable to the following at June 30, 2005:

	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Sewerage System Revenue Bond and Interest Sinking Fund	\$ -	\$ -	\$23,850	\$ 23,850
Sewerage System Revenue Bond Reserve Fund	-	-	11,954	11,954
Sewerage System Revenue Bond Depreciation and Contingency Fund	-	-	20,355	20,355
Customers' deposits	<u>8,425</u>	<u>5,993</u>	<u>7,154</u>	<u>21,572</u>
Total restricted assets	<u>\$ 8,425</u>	<u>\$ 5,993</u>	<u>\$63,313</u>	<u>\$ 77,731</u>

Note 7. Deficit Net Assets

The Gas Utility Fund has a deficit net assets balance at June 30, 2005 of \$41,370.

Note 8. Dedication of Sales and Use Tax Proceeds

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

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

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Liabilities

A summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2005 is as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Amount Due In <u>One Year</u>
Business-type activities:					
Sewerage System Revenue					
Bonds, Series 1982	\$ 82,810	\$ -0-	\$ (19,420)	\$ 63,390	\$ 20,392

Long-term liabilities at June 30, 2005 consisted of the following:

Business-type activities:	
\$317,800 Sewerage System Revenue Bonds, Series 1982, due in annual installments of \$23,561, through 2008, interest rate of 5.00%.	<u>\$63,390</u>

The annual requirements to maturity for principal and interest for all long-term liabilities outstanding at June 30, 2005 follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 20,392	\$ 3,169	\$ 23,561
2007	21,411	2,150	23,561
2008	<u>21,587</u>	<u>1,079</u>	<u>22,666</u>
	<u>\$ 63,390</u>	<u>\$ 6,398</u>	<u>\$ 69,788</u>

At June 30, 2005, \$3,175 of interest expense is included as a direct expense of the Sewer Utility Fund on the statement of activities.

Note 10. Flow of Funds; Restrictions On Use

Under the terms of the bond indentures on outstanding Sewerage System Revenue Bonds, Series 1982, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from the operation of the sewer utility system are pledged and dedicated to the retirement of said bonds and are to be deposited in funds as indicated below.

All revenue must be deposited into a Revenue Fund. The Revenue Fund must transfer from time to time amounts into an Operating Fund that are sufficient to pay the cost of maintaining and operating the sewer utility system.



NOTES TO FINANCIAL STATEMENTS

After transferring the required amounts into the Operating Fund, the Revenue Fund must transfer monthly to a Bond and Interest Sinking Fund an amount equal to 1/12 of the interest and 1/12 of the principal falling due on the interest and principal payment dates. Money so accumulated is to pay for currently maturing principal and interest.

After the above requirements are met, the Revenue Fund must transfer monthly in advance on or before the 20th of each month of each year beginning no later than after the sewer utility system becomes revenue producing, a sum equal to 5% of the sum required to be transferred to the Bond and Interest Sinking Fund monthly to a Reserve Fund. The payments are to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal of the bond.

After all required payments above have been met, the Revenue Fund must transfer \$99 into a Depreciation and Contingency Fund. The first monthly payment is to be made by the 20th day of the first full month following completion of the sewer utility system and by the 20th day of each month thereafter until \$23,600 is accumulated. The money in the Depreciation and Contingency Fund shall be used first to pay currently maturing principal and interest for which there is insufficient money in the Revenue Bond and Interest Sinking or Reserve Funds and secondly for making extensions, additions, improvements, or replacements to the sewer utility system. Any deficiencies in the Depreciation and Contingency Fund shall be made up from money in the Revenue Fund whenever such money is not needed for maintenance and operation or payment of current principal, interest, and reserve fund requirements.

All required transfers were made during the current year. However, as of year end, the total amount on deposit in both the Reserve Fund and the Depreciation and Contingency Fund were less than the amount required to be on deposit at that date in the amount of \$15,244.

Note 11. Interfund Transfers

Interfund transfers reported in the fund financial statements for the year ended June 30, 2005 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Sales Tax Fund	\$ -	\$ 13,080
Office Renovation Project Fund	<u>13,080</u>	<u>-</u>
Total interfund transfers	<u>\$ 13,080</u>	<u>\$ 13,080</u>

## NOTES TO FINANCIAL STATEMENTS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt services from funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### Note 12. Insurance Risk

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

### Note 13. Contingencies

The Village operates a Sanitary Wastewater Disposal System under a NPEDS permit. The NPEDS permit and the State permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency (EPA) and the Department of Environmental Quality. The Village is under an Administrative Order to upgrade its facility in order to comply with the permit and the expected more stringent permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards. While the Village is making efforts to resolve the violations detailed in the Administrative Order, the EPA is authorized to assess appropriate penalties if the violations are not corrected. As of June 30, 2005, the Village has not been assessed any such penalties.

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

NOTES TO FINANCIAL STATEMENTS

Note 14. Prior Period Adjustment

Certain revenues were erroneously excluded from the governmental funds financial statements and the government-wide financial statements for the year ended June 30, 2004. The net effect of this error was to understate ending fund balances of the governmental funds and ending net assets of the governmental activities by \$7,714 at June 30, 2004 and to understate the change in fund balances of the governmental funds and the change in net assets of the governmental activities for the year ended June 30, 2004 by \$7,714.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

## VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes -				
Property	\$ 9,010	\$ 9,628	\$ 9,669	\$ 41
Housing authority	2,500	2,900	2,923	23
Electric franchise	25,500	28,000	26,926	(1,074)
Telephone franchise	2,500	2,250	2,261	11
Cable TV franchise	<u>2,375</u>	<u>2,250</u>	<u>2,147</u>	<u>(103)</u>
Total taxes	<u>\$ 41,885</u>	<u>\$ 45,028</u>	<u>\$ 43,926</u>	<u>\$ (1,102)</u>
Licenses and permits -				
Licenses	\$ 13,850	\$ 15,520	\$ 15,969	\$ 449
Permits	<u>210</u>	<u>310</u>	<u>400</u>	<u>90</u>
Total licenses and permits	<u>\$ 14,060</u>	<u>\$ 15,830</u>	<u>\$ 16,369</u>	<u>\$ 539</u>
Intergovernmental -				
State shared revenue:				
Beer tax	<u>\$ 1,375</u>	<u>\$ 1,215</u>	<u>\$ 1,146</u>	<u>\$ (69)</u>
Charges for services -				
State highway maintenance fees	<u>\$ 2,947</u>	<u>\$ 2,947</u>	<u>\$ 4,421</u>	<u>\$ 1,474</u>
Fines and forfeits	<u>\$ 3,000</u>	<u>\$ 9,000</u>	<u>\$ 9,181</u>	<u>\$ 181</u>
Investment income	<u>\$ 40</u>	<u>\$ 30</u>	<u>\$ 39</u>	<u>\$ 9</u>
Miscellaneous	<u>\$ 1,000</u>	<u>\$ 350</u>	<u>\$ 702</u>	<u>\$ 352</u>
Total revenues	<u>\$ 64,307</u>	<u>\$ 74,400</u>	<u>\$ 75,784</u>	<u>\$ 1,384</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 660	\$ 657	\$ 657	\$ -
Utilities and telephone	10,000	8,000	7,841	159
Repairs and maintenance	1,000	2,000	2,172	(172)
Insurance	6,130	6,475	3,804	2,671
Printing, postage, and supplies	2,750	3,250	2,864	386
Professional services	4,000	4,100	3,025	1,075
Travel and training	1,750	1,475	1,397	78
Tax roll preparation	110	135	133	2
Dues	850	950	923	27
Miscellaneous	400	125	295	(170)
Total general government	<u>\$ 27,650</u>	<u>\$ 27,167</u>	<u>\$ 23,111</u>	<u>\$ 4,056</u>
Public safety:				
Salaries and wages	\$ 900	\$ 900	\$ 900	\$ -
Materials and supplies	2,086	2,086	1,407	679
Beeper	750	750	708	42
Repairs and maintenance	1,000	1,000	906	94
Insurance	1,464	4,500	4,525	(25)
Travel and training	500	250	140	110
Fees on fines	675	1,500	1,827	(327)
Miscellaneous	500	500	-	500
Total public safety	<u>\$ 7,875</u>	<u>\$ 11,486</u>	<u>\$ 10,413</u>	<u>\$ 1,073</u>
Public works:				
Salaries and wages	\$ 18,004	\$ 17,289	\$ 17,289	\$ -
Payroll taxes	1,792	1,792	1,697	95
Materials and supplies	2,400	2,700	2,177	523
Repairs and maintenance	3,000	3,000	2,911	89
Total public works	<u>\$ 25,196</u>	<u>\$ 24,781</u>	<u>\$ 24,074</u>	<u>\$ 707</u>
Health and welfare:				
Supplies	\$ 150	\$ 150	\$ -0-	\$ 150
Culture and recreation:				
Utilities	\$ 325	\$ 150	\$ 125	\$ 25
Repairs and maintenance	1,500	-	-	-
Total culture and recreation	<u>\$ 1,825</u>	<u>\$ 150</u>	<u>\$ 125</u>	<u>\$ 25</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Capital outlay	\$ 1,500	\$ 500	\$ -0-	\$ 500
Total expenditures	<u>\$ 64,196</u>	<u>\$ 64,234</u>	<u>\$ 57,723</u>	<u>\$ 6,511</u>
Excess of revenues over expenditures	<u>\$ 111</u>	<u>\$ 10,166</u>	<u>\$ 18,061</u>	<u>\$ 7,895</u>
Fund balance, beginning, as previously reported	\$ -0-	\$ -0-	\$ 133,724	\$ 133,724
Prior period adjustment	<u>-</u>	<u>-</u>	<u>7,714</u>	<u>7,714</u>
Fund balance, beginning, as restated	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 141,438</u>	<u>\$ 141,438</u>
Fund balance, ending	<u>\$ 111</u>	<u>\$ 10,166</u>	<u>\$ 159,499</u>	<u>\$ 149,333</u>

See Note to the Budgetary Comparison Schedules.



## VILLAGE OF ESTHERWOOD, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
 SALES TAX FUND  
 Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 17,500	\$ 24,000	\$ 23,564	\$ (436)
Investment income	10	10	-	(10)
Total revenues	<u>\$ 17,510</u>	<u>\$ 24,010</u>	<u>\$ 23,564</u>	<u>\$ (446)</u>
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 2,496	\$ 2,496	\$ 2,542	\$ (46)
Payroll taxes	194	194	195	(1)
Materials and supplies	600	600	591	9
Utilities and telephone	2,500	3,000	2,715	285
Repairs and maintenance	250	1,750	1,677	73
Insurance	1,630	1,130	941	189
Printing and postage	750	175	173	2
Professional services	3,000	1,850	1,805	45
Travel and training	1,000	675	664	11
Collection fees	290	400	353	47
Miscellaneous	3,300	50	34	16
Capital outlay	1,500	-	-	-
Total expenditures	<u>\$ 17,510</u>	<u>\$ 12,320</u>	<u>\$ 11,690</u>	<u>\$ 630</u>
Excess of revenues over expenditures	\$ -0-	\$ 11,690	\$ 11,874	\$ 184
Other financing uses:				
Transfers out	<u>(17,500)</u>	<u>(13,080)</u>	<u>(13,080)</u>	<u>-</u>
Net change in fund balance	\$ (17,500)	\$ (1,390)	\$ (1,206)	\$ 184
Fund balance, beginning	<u>17,500</u>	<u>13,080</u>	<u>58,488</u>	<u>45,408</u>
Fund balance, ending	<u>\$ -0-</u>	<u>\$ 11,690</u>	<u>\$ 57,282</u>	<u>\$ 45,592</u>

See Note to the Budgetary Comparison Schedules.

VILLAGE OF ESTHERWOOD, LOUISIANA

NOTE TO THE BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

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

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

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

OTHER SUPPLEMENTARY INFORMATION

## VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO MAYOR/BOARD OF ALDERMEN  
Year Ended June 30, 2005

Billy Maples	\$ 141
Winford Guillory	120
Hillard P. Myers	14
Emily Roy	124
Jeanelle F. Schexnider	<u>258</u>
Total	<u>\$ 657</u>

The above schedule of compensation paid to the Mayor and Board of Aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:1233, the Mayor and Board of Aldermen have elected the monthly payment form of compensation. Under this method, the Mayor receives monthly compensation of \$25 and the Board of Aldermen receive monthly compensation of \$10.

VILLAGE OF ESTHERWOOD, LOUISIANA  
 PROPRIETARY FUNDS  
 ENTERPRISE FUNDS

SCHEDULE OF UTILITY RATES  
 June 30, 2005

Water:

Monthly residential and commercial rates:

First 2,000 gallons	\$12.50
Over 2,000 gallons	\$ 1.90 per 1,000 gallons or each part thereof

Gas:

Monthly residential and commercial rates:

First 100 cubic feet	\$ 6.50
Over 100 cubic feet	\$ 1.00

Sewer:

Based on water sold:

Monthly residential rates -

First 2,000 gallon of water	\$ 8.50
Over 2,000 gallons of water	\$ 1.50 per 1,000 gallons or each part thereof

Monthly commercial rates -

First 2,000 galloons of water	\$12.50
Over 2,000 gallons of water	\$ 1.50 per 1,000 gallons or each part thereof

VILLAGE OF ESTHERWOOD, LOUISIANA  
 PROPRIETARY FUNDS  
 ENTERPRISE FUNDS

MISCELLANEOUS STATISTICAL DATA  
 Year Ended June 30, 2005

<u>Average monthly billing per customer</u>	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>
Sales	<u>\$60,424</u>	<u>\$77,127</u>	<u>\$49,383</u>
Average sales per month	<u>\$ 5,035</u>	<u>\$ 6,427</u>	<u>\$ 4,115</u>
Number of customers	<u>287</u>	<u>180</u>	<u>281</u>
Average monthly bill per customer	<u>\$ 18</u>	<u>\$ 36</u>	<u>\$ 15</u>

VILLAGE OF ESTHERWOOD, LOUISIANA  
 PROPRIETARY FUNDS  
 ENTERPRISE FUNDS

SCHEDULE OF AGED ACCOUNTS RECEIVABLE  
 June 30, 2005

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
0 - 30 days	\$ 5,412	\$ 3,135	\$ 3,824	\$ 12,371
Over 30 days	<u>876</u>	<u>4,196</u>	<u>637</u>	<u>5,709</u>
Total account receivable	\$ 6,288	\$ 7,331	\$ 4,461	\$ 18,080
Less: Allowance for uncollectible accounts	<u>(876)</u>	<u>(4,196)</u>	<u>(637)</u>	<u>(5,709)</u>
Accounts receivable, net	<u>\$ 5,412</u>	<u>\$ 3,135</u>	<u>\$ 3,824</u>	<u>\$ 12,371</u>

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## BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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S. Scott Soileau, CPA\*

Patrick D. McCarthy, CPA\*

Martha B. Wyatt, CPA\*

Troy J. Breaux, CPA\*

Fayette T. Dupré, CPA\*

Mary A. Gastille, CPA\*

Joey L. Breaux, CPA\*

Terrel P. Dressel, CPA\*

Craig J. Viator, CPA\*

*Retired:*

Sidney L. Broussard, CPA\* 1980

Leon K. Poché, CPA 1984

James H. Breaux, CPA 1987

Erma R. Walton, CPA 1988

George A. Lewis, CPA\* 1992

Geraldine J. Wimberley, CPA\* 1995

Larry G. Broussard, CPA\* 1996

Lawrence A. Cramer, CPA\* 1999

Ralph Friend, CPA\* 2002

Eugene C. Gilder, CPA\* 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Estherwood, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements of the Village of Estherwood, Louisiana, and have issued our report thereon dated November 29, 2005. 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.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs at item #2005-2.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial

reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item #2005-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Broussard, Poché, Lewis & Beauvais, L.L.P.*

Lafayette, Louisiana  
November 29, 2005

## VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Estherwood, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements of the Village of Estherwood, Louisiana, and have issued our report thereon dated November 29, 2005. 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 audit of the financial statements as of June 30, 2005 resulted in unqualified opinions.

## Section I. Summary of Auditors' Reports

## a. Report on Internal Control and Compliance Material to the Financial Statements

## Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

## Compliance

Compliance Material to Financial Statements  Yes  No

## Section II. Financial Statement Findings

**#2005-1 Segregation of Duties**

**Finding:** The Village does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

**Recommendation:** Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

**#2005-2 Reserve Requirements**

**Finding:** The Sewer Bond Reserve and Depreciation and Contingency funds required to be maintained in accordance with the bond indenture for the Sewerage System Revenue Bonds were underfunded at June 30, 2005 by \$11,999 and \$3,245, respectively.

**Recommendation:** We recommend that, as funds become available, appropriate transfers be made to correct the underfunding.

VILLAGE OF ESTHERWOOD, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended June 30, 2005

Section I. Internal Control and Compliance Material to the Financial Statements

**#2004-1 Reserve Requirements**

Recommendation: We recommend that, as funds become available, appropriate transfers should be made to correct the underfunding.

Current Status: Repeated in the current year.

**#2004-2 Budget Compliance**

Recommendation: We recommend that the Village follow the provisions of the Local Government Budget Act as it pertains to adopting budget amendments as circumstances warrant.

Current Status: Resolved.

**#2004-3 Reporting**

Recommendation: In the future, the report should be filed in compliance with State law.

Current Status: Resolved.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2004.



# VILLAGE OF ESTHERWOOD

**BILL MAPLES  
MAYOR**

124 N. LEBLANC ST. \* P.O. BOX 167 \* ESTHERWOOD, LA 70534-0167 \* PHONE: 337-783-0464 \* FAX: 337-783-0596  
TDD: 337-783-0464 \* EMAILADDRESS: esth\_vil@bellsouth.net

December 14, 2005

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

Village of Estherwood respectfully submits the following corrective action plan for the year ended June 30, 2005.

Name and address of independent public accounting firm:

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

Audit period: July 1, 2004 through June 30, 2005.

The findings from the 2005 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

## **Section II - Financial Statement Findings**

### **#2005-1 Segregation of Duties**

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Action Taken: We have segregated as much as possible with the resources available. We will continue to monitor the situation.

### **#2005-2 Reserve Requirements**

Recommendation: We recommend that, as funds become available, appropriate transfers be made to correct the underfunding.

Action Taken: A rate study will be conducted to implement a plan to increase rates to provide additional revenue to meet reserve requirements.

**J. WINFORD GUILLORY**  
ALDERMAN  
**LARRY T. RICHARD**  
VILLAGE ATTORNEY

**EMILY W. ROY**  
MAYOR PRO-TEM/ALDERWOMAN  
**EUGENE GAUTREUX**  
FIRE CHIEF  
**SANDY S. SARVER, CMC**  
VILLAGE CLERK

**JOHN MONCEAUX**  
ALDERMAN  
**JAMES R. BURNETT, SR.**  
POLICE CHIEF

Mr. Steve Theriot  
Legislative Auditor  
State of Louisiana  
December 14, 2005  
Page - 2 -

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

Sincerely yours,

VILLAGE OF ESTHERWOOD

A handwritten signature in cursive script that reads "Bill Maples". The signature is written in black ink and has a long, sweeping horizontal line extending to the right.

Bill Maples  
Mayor