

**VILLAGE OF EPPS
Epps, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2006**

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 7-11-07

VILLAGE OF EPPS
Epps, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2006

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As of and for the Year Ended December 31, 2006

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M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

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Independent Accountant's Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Epps as of and for the year ended December 31, 2006. These financial statements are the responsibility of the management of the village.

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

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated June 29, 2007, on the results of my agreed-upon procedures.

The management's discussion and analysis on pages 4 through 8 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

/s Carleen Dumas
Calhoun, Louisiana
June 29, 2007

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF EPPS
Epps, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2006

Our discussion and analysis of Village of Epps' (hereafter referred to as the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the Village's basic financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole. Fund financial statements provide information on how the general activities of the Village are financed in the short term as well as what remains for future spending. Fund financial statements report the Village's operations in more detail than the government-wide statements.

**Reporting the Village as a Whole - The Statement of Net Assets
and the Statement of Activities**

Our analysis of the Village as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's *net assets* and the changes in them. Net assets - the difference between assets (what the Village owns) and liabilities (what the Village owes) is a way to measure the financial position of the Village. Over time, increases or decreases in the Village's net assets are an indicator of whether the Village's financial position is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Village is divided into two kinds of activities:

Governmental activities - all of the Village's governmental services are reported here including the police department, community development, and general administration.

Business-type activities - the Village's water and sewer system is reported here.

Reporting the Village's Funds - Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds. The LCDBG Capital Projects Fund was required to be established by the federal grantor. The Water

and Sewer Enterprise Fund was established by the Village to help it control and manage money for particular purposes. The Village's two kinds of funds - governmental and business-type funds use different accounting methods.

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Assets and the Statement of Activities.

COMPARATIVE ANALYSIS OF FINANCIAL DATA

The Village's total net assets decreased by \$132,453 during 2006. The decrease in net assets is primarily due to a \$156,497 decrease in governmental activities revenue. The following presents an analysis of net assets and changes in net assets of the Village's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2006	2005	2006	2005	2006	2005
Assets						
Current assets	\$19,981	\$30,390	\$36,018	\$23,771	\$55,999	\$54,161
Restricted assets			7,380	19,211	7,380	19,211
Capital assets	300,928	323,205	1,299,005	1,382,294	1,599,933	1,705,499
Total assets	<u>320,909</u>	<u>353,595</u>	<u>1,342,403</u>	<u>1,425,276</u>	<u>1,663,312</u>	<u>1,778,871</u>
Liabilities						
Current liabilities	69,307	41,782	41,738	36,110	111,045	77,892
Long-term liabilities			371,331	387,590	371,331	387,590
Total liabilities	<u>69,307</u>	<u>41,782</u>	<u>413,069</u>	<u>423,700</u>	<u>482,376</u>	<u>465,482</u>
Net Assets						
Invested in capital assets, net of related debt	300,928	323,205	911,844	979,640	1,212,772	1,302,845
Restricted			7,380	19,211	7,380	19,211
Unrestricted (deficit)	<u>(49,326)</u>	<u>(11,392)</u>	<u>10,110</u>	<u>2,725</u>	<u>(39,216)</u>	<u>(8,667)</u>
Total net assets	<u>251,602</u>	<u>311,813</u>	<u>929,334</u>	<u>1,001,576</u>	<u>1,180,936</u>	<u>1,313,389</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2006	2005	2006	2005	2006	2005
Program revenues						
Charges for services	\$256,118	\$305,440	\$129,049	\$127,372	\$385,167	\$432,812
Operating grant	4,284				4,284	
Capital grants		110,137				110,137
General revenues						
Franchise taxes	14,159	14,960			14,159	14,960
Investment earnings		102	169	248	169	350
Other	1,308	1,817			1,308	1,817
Special item - loss on sale of fixed asset	(2,124)				(2,124)	
Transfers	32,693	(432,103)	(32,693)	432,103		
Total revenue and transfers	306,438	353	96,525	559,723	402,963	560,076
Program expenses						
General government	366,637	392,555			366,637	392,555
Community development	12				12	
Water and sewer			168,767	173,684	168,767	173,684
Total expenses	366,649	392,555	168,767	173,684	535,416	566,239
Change in net assets	(60,211)	(392,202)	(72,242)	386,039	(132,453)	(6,163)
Net assets - beginning	311,813	704,015	1,001,576	615,537	1,313,389	1,319,552
Net assets - ending	\$251,602	\$311,813	\$929,334	\$1,001,576	\$1,180,936	\$1,313,389

The Village's total revenues decreased \$154,989 in 2006 primarily due to a decrease in capital grants of \$110,137 and charges for services of \$47,645. Total expenses decreased \$30,823.

Governmental Funds

The revenue from governmental activities decreased \$156,587 from revenues of the prior year due to an decrease in capital grants of \$110,137 and a decrease in revenue from fines of \$45,645. The expenses of the governmental activities decreased \$25,906 from expenses of the prior year due primarily to the net effect of a \$63,760 decrease in police department expenses and a \$11,683 increase in personal services expenses. The increase in personal services expenses resulted from the imposition of penalties and interest by the Internal Revenue Service for failure to pay payroll taxes in a timely manner.

Business-Type Activities

The Village's charges for services for its business-type activities increased \$1,677 from the prior year. Total expenses decreased \$4,917 primarily due to a decrease in operating costs.

OVERALL FINANCIAL POSITION

At December 31, 2006, the Village is experiencing an extremely poor financial condition. The Village's net assets decreased \$132,453 as a result of this year's operations. Unrestricted net assets (those assets available to finance the daily operations of the Village) is a deficit of \$39,216 at year end. Assets restricted for debt service were \$7,380 at year end. The amount invested in capital assets, net of related debt, was \$1,212,772 at year end.

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported a deficit fund balance of \$49,314. The decrease in unrestricted fund balance for 2006 was \$37,991 due primarily to a \$45,645 decrease in revenue from fines.. The Water and Sewer Enterprise Fund reported unrestricted net assets of \$10,110 at year end. The decrease in net assets was \$72,242 for 2006 due to the fact that revenues are not sufficient to cover operating expenses including depreciation of \$83,289. The LCDBG Capital Projects Fund reported a deficit fund balance of \$12 at year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village amended its General Fund budget one time during 2006. At year end, actual revenues and other sources were \$13,997 less than budgeted revenues and other sources and actual expenditures were \$24,021 more than budgeted expenditures. The Village prepares its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the Village had capital assets (net of accumulated depreciation) totaling \$1,599,933. Capital assets include land, buildings, the water and sewer systems and improvements, and vehicles and equipment, costing \$1,000 or more. The village has elected not to report major general infrastructure assets such as roads, bridges, sidewalks, etc., that were purchased or constructed prior to January 1, 2002.

There were no additions to capital assets during 2006. The village sold a lawnmower with a book value of \$2,224 for \$100 resulting in a loss. Additional information about the Village's capital assets is presented in the notes to the financial statements.

Debt

At year end the Village had \$387,161 in revenue bonds payable. Additional information about the Village's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Effective January 1, 2007, a new mayor, three new aldermen, and a new police chief went into office. The Village is in negotiations to sell some of its property in order to alleviate some of its financial problems. The Village prepared its 2007 General Fund budget on the assumption that revenues will decrease approximately \$91,199 and expenditures will decrease approximately \$181,539. The decrease in revenues is primarily a decrease in fines and the decrease in expenditures is primarily a decrease in salaries and payroll taxes, gas and oil expense and police department expense. The Village does anticipate an increase in revenues and expenditures during 2007 for the LCDBG Capital Projects Funds due to their being awarded a new grant. The Village expects its revenues and expenses of the Water and Sewer Enterprise Fund to be fairly constant for 2007.

BASIC FINANCIAL STATEMENTS

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF NET ASSETS
December 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$14,623	\$12,961	\$27,584
Receivables (net of allowances for uncollectibles)	5,358	23,057	28,415
Restricted assets		7,380	7,380
Capital assets (net)	300,928	1,299,005	1,599,933
TOTAL ASSETS	<u>320,909</u>	<u>1,342,403</u>	<u>1,663,312</u>
LIABILITIES			
Accounts payable	36,108	6,220	42,328
Payroll taxes payable	24,199		24,199
Deferred revenue	9,000		9,000
Customer deposits		10,802	10,802
Accrued interest payable		8,886	8,886
Bonds payable - current		15,830	15,830
Bonds payable		371,331	371,331
TOTAL LIABILITIES	<u>69,307</u>	<u>413,069</u>	<u>482,376</u>
NET ASSETS			
Invested in capital assets, net of related debt	300,928	911,844	1,212,772
Restricted for debt service		7,380	7,380
Unrestricted (deficit)	(49,326)	10,110	(39,216)
TOTAL NET ASSETS	<u>\$251,602</u>	<u>\$929,334</u>	<u>\$1,180,936</u>

See accompanying notes and accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

	..Program Revenues..		Net (Expense) Revenue and			
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
General government	\$366,637	\$256,118	\$4,284	(\$106,235)		(\$106,235)
Community development	<u>12</u>			<u>(12)</u>		<u>(12)</u>
Total governmental activities	366,649	256,118	4,284	(106,247)		(106,247)
BUSINESS-TYPE ACTIVITIES:						
Water and sewer service	168,767	129,049			(\$39,718)	(39,718)
Total government	<u>\$535,416</u>	<u>\$385,167</u>	<u>\$4,284</u>	<u>(106,247)</u>	<u>(39,718)</u>	<u>(145,965)</u>

GENERAL REVENUES, TRANSFERS AND

Franchise taxes	14,159				14,159
Investment earnings				169	169
Other revenues	1,308				1,308
Special item - loss on sale of fixed asset	(2,124)				(2,124)
Transfers	32,693			(32,693)	
Total general revenues, transfers, and special items	<u>46,036</u>			<u>(32,524)</u>	<u>13,512</u>
CHANGE IN NET ASSETS					
	(60,211)			(72,242)	(132,453)
NET ASSETS - BEGINNING	311,813			1,001,576	1,313,389
NET ASSETS - ENDING	<u>\$251,602</u>			<u>\$929,334</u>	<u>\$1,180,936</u>

See accompanying notes and accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2006

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$14,535	\$88	\$14,623
Receivables	5,358		5,358
Due from other funds	100		100
TOTAL ASSETS	<u>\$19,993</u>	<u>\$88</u>	<u>\$20,081</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$36,108		\$36,108
Payroll taxes payable	24,199		24,199
Due to other funds		100	100
Deferred revenue	9,000		9,000
Total liabilities	69,307	100	69,407
Fund balance - unreserved (deficit)	(49,314)	(12)	(49,326)
TOTAL LIABILITIES AND FUND EQUITY	<u>\$19,993</u>	<u>\$88</u>	<u>\$20,081</u>

**Reconciliation of the Balance Sheet of Governmental
Funds To the Statement of Net Assets:**

Fund balances - unreserved (deficit) - Total Governmental Funds	(\$49,326)
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	300,928
Net assets of governmental activities (Statement A)	<u>\$251,602</u>

See accompanying notes and accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Franchise taxes	\$14,159		\$14,159
Licenses and permits	12,930		12,930
Intergovernmental revenue:			
Federal grants	4,284		4,284
Fines	130,637		130,637
Rent	109,680		109,680
Other revenues	4,279		4,279
Total revenues	<u>275,969</u>	<u>NONE</u>	<u>275,969</u>
EXPENDITURES			
General government:			
Personal services	218,553		218,553
Operating services	99,466		99,466
Materials and supplies	28,565		28,565
Community development - facilities construction		12	12
Total expenditures	<u>346,584</u>	<u>12</u>	<u>346,596</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(70,615)</u>	<u>(12)</u>	<u>(70,627)</u>
OTHER FINANCING SOURCES (Uses)			
Operating transfer in	32,693	69	32,762
Operating transfer out	(69)		(69)
Total other financing sources (uses)	<u>32,624</u>	<u>69</u>	<u>32,693</u>
NET CHANGE IN FUND BALANCES	(37,991)	57	(37,934)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>(11,323)</u>	<u>(69)</u>	<u>(11,392)</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>(\$49,314)</u>	<u>(\$12)</u>	<u>(\$49,326)</u>

(Continued)

See accompanying notes and accountant's report.

VILLAGE OF EPPS
 Epps, Louisiana
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
 For the Year Ended December 31, 2006

Total
 Governmental
Funds

**Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance of Governmental Funds to
 the Statement of Activities:**

Net change in fund balances - Total Governmental Funds (\$37,934)
 Amount reported for governmental activities in the
 Statement of Activities (Statement B) is different because:

Governmental funds report capital outlays and facilities
 construction as expenditures. However, in the
 statement of activities, the cost of those assets
 is allocated over their estimated useful lives as
 depreciation expense. This is the amount by which depreciation
 expense exceeded capital outlay in the current period. (20,053)

In the statement of activities, only the loss on the sale
 of fixed assets is reported, whereas in the governmental
 funds, the proceeds from the sale increase financial
 resources. Thus, the change in net assets differs from
 the change in fund balance by the book value of the asset. (2,224)

Change in net assets of governmental activities (Statement B) (\$60,211)

(Concluded)

See accompanying notes and accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES
December 31, 2006

	Water and Sewer Enterprise Fund
ASSETS	
Current assets:	
Cash	\$12,961
Accounts receivable (net of allowance for doubtful accounts)	23,057
Total current assets	<u>36,018</u>
Noncurrent assets:	
Restricted assets - cash equivalents	7,380
Capital assets (net of accumulated depreciation)	1,299,005
Total noncurrent assets	<u>1,306,385</u>
Total assets	<u>1,342,403</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$6,220
Accrued interest payable	8,886
Current portion of long-term debt	15,830
Customer deposits	10,802
Total current liabilities	<u>41,738</u>
Noncurrent liabilities:	
Long-term debt - revenue bonds payable	371,331
Total liabilities	<u>413,069</u>
NET ASSETS	
Invested in capital assets, net of related debt	911,844
Restricted for debt service	7,380
Unrestricted	10,110
Total net assets	<u>\$929,334</u>

See accompanying notes and accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2006

	Water and Sewer Enterprise Fund
OPERATING REVENUES	
Water sales	\$75,161
Sewer fees	51,613
Penalties	2,275
Total operating revenue	<u>129,049</u>
OPERATING EXPENSES	
Office expense	599
Advertising	425
Postage	948
Repairs and maintenance	8,884
Utilities and telephone	21,825
Supplies	15,226
Insurance	3,527
Accounting	4,617
Gas, oil, and fuel	632
Fees and dues	1,942
Water and sewer analysis	4,531
Depreciation	83,289
Other operating expenses	1,521
Total operating expenses	<u>147,966</u>
OPERATING INCOME (Loss)	<u>(18,917)</u>
NON-OPERATING REVENUES (Expenses)	
Interest earned on deposits	169
Transfers to General Fund	(32,693)
Interest expense	(20,801)
Total non-operating revenues	<u>(53,325)</u>
CHANGE IN NET ASSETS	(72,242)
NET ASSETS - BEGINNING	<u>1,001,576</u>
NET ASSETS - ENDING	<u>\$929,334</u>

See accompanying notes and accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2005

	<u>Water and Sewer Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$123,008
Customer meter deposits (net)	1,645
Payments to suppliers	<u>(61,058)</u>
Net cash provided by operating activities	<u>63,595</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	<u>(32,693)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(15,493)
Interest paid on capital debt	(20,804)
Decrease in restricted cash and cash equivalents	<u>11,831</u>
Net cash used by capital and related financing activities	<u>(24,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>169</u>
NET DECREASE IN CASH	<u>6,605</u>
CASH AT BEGINNING OF YEAR	<u>6,356</u>
CASH AT END OF YEAR	<u><u>\$12,961</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(\$18,917)</u>
Adjustments:	
Depreciation	83,289
Bad debt expense	399
Increase in accounts receivable	(5,202)
Increase in customer meter deposits	1,645
Increase in accounts and taxes payable	<u>2,381</u>
Total adjustments	<u>82,512</u>
Net cash provided by operating activities	<u><u>\$63,595</u></u>
See accompanying notes and accountant's report.	

VILLAGE OF EPPS
Epps, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2005

INTRODUCTION

The Village of Epps was incorporated under the provisions of the Lawrason Act in 1939. The village is governed by the mayor-board of aldermen form of government. The mayor and three aldermen serve four-year terms which expire on December 31, 2006. The aldermen receive a per diem of \$75 per month. The village provides general government, public safety, and water and sewer services to its residents. The village has a full-time clerk, an elected Chief of Police and seven other employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of Epps is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The village has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Village of Epps. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Franchise taxes, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the village.

The Village of Epps reports the following governmental funds:

General Fund

The General fund is the general operating fund of the village and accounts for all financial resources of the general government.

See accountant's report.

Capital Projects - LCDBG Fund

The LCDBG Fund is used to account for a grant from the United States Department of Housing and Urban Development, Division of Administration for the improvement of the village's sewerage system.

The Village of Epps reports the following business-type activity fund:

Water and Sewer Enterprise Fund

The Water and Sewer Enterprise fund accounts for the operations of the village's water and sewer systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and business-type activities fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided and capital grants. General revenues include all taxes, interest and other miscellaneous revenue.

Business-type activities funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Water and Sewer Enterprise Fund's operating revenues consist of charges for water and sewer sales and penalties. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

VILLAGE OF EPPS
Notes to the Financial Statements

C. Deposits

The village's cash and cash equivalents are amounts in demand deposits, interest-bearing demand deposits and short-term investments with original maturities of 90 days or less from the date of acquisition. State law allows the village to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments.

D. Receivables

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Trade receivables are generally shown net of an allowance for uncollectible amounts. The allowance for uncollectibles is based a percentage of past due accounts at year-end.

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement.

F. Capital Assets

Capital assets, which include land, buildings, the water and sewer systems and improvements, and vehicles and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Approximately 80 percent of the village's capital assets have been capitalized at cost and the remaining 20 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Village of Epps 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 the asset's life are not capitalized. The village has elected not to report general infrastructure assets, such as roads, bridges, sidewalks, etc., constructed prior to January 1, 2002.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest has been incurred in connection with the construction during the year ended December 31, 2006.

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water and sewer system and improvements	25 years
Buildings	25 - 40 years
Vehicles and equipment	5-20 years

G. Compensated Absences

The village has the following policy relating to vacation and sick leave:

Permanent, full-time employees receive from five to fifteen days of vacation leave depending on length of service on the employee's anniversary date of employment. Employees may not accumulate or carry over annual leave from one anniversary date of employment to another. Sick leave is earned at the rate of one day for each month worked, however, no employee may accumulate more than ten days of sick leave per year, nor accumulate more than a total of thirty days of sick leave. Employees who resign, retire, or who are dismissed from employment will not be paid for accumulated sick leave.

H. Long-Term Obligations

In the government-wide financial statements and the Water and Sewer Enterprise Fund financial statements, long-term debt is reported as a liability in the applicable governmental activities and business-type activities statement of net assets.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At December 31, 2006, the village's governmental fund balances were unreserved and undesignated.

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

J. 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 certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2006 for the Water and Sewer Enterprise Fund:

Total interest cost expensed	\$20,801
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$20,801</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Information

The Village of Epps uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There was one budget amendment during the year ended December 31, 2006.

B. Excess of Expenditures Over Appropriations

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2006:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$359,575</u>	<u>\$322,632</u>	<u>\$346,653</u>	<u>\$24,021</u>

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

C. Deficits

The following individual fund had deficits in unreserved fund balance at December 31, 2006:

General Fund	\$49,314
LCDBG Capital Projects Fund	<u>12</u>
Total	<u>\$49,326</u>

The village plans to eliminate these deficits with proceeds from a land sale in 2007 and by reducing expenditures in these funds in 2007.

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2006, the village has cash and cash equivalents (book balances) as follows:

Checking accounts	\$27,584
Short-term investments - certificates of deposit	<u>7,380</u>
Total	<u>\$34,964</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the 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. At December 31, 2006, these deposits are secured from risk by federal deposit insurance .

4. RECEIVABLES

The following is a summary of receivables at December 31, 2006:

	General Fund	Water and Sewer Enterprise Fund	Total
Franchise taxes	\$3,607		\$3,607
Fines	770		770
Charges for services	981	\$25,062	26,043
Allowance for doubtful accounts		<u>(2,005)</u>	<u>(2,005)</u>

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

	Water and Sewer	
	General Fund	Enterprise Fund
Total	<u>Fund</u>	<u>Fund</u>
	<u>Total</u>	
	<u>\$5,358</u>	<u>\$23,057</u>
		<u>\$28,415</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at December 31, 2006:

	Due From Other Funds	Due To Other Funds
General Fund	\$100	
LCDBG Capital Projects Fund		\$100
Total	<u>\$100</u>	<u>\$100</u>

The amount due to the General Fund is for administrative costs associated with the federal grant. All interfund balances are expected to be repaid at the end of the grant period.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

	Balance at January 1, 2006	Increases	Decreases	Balance at December 31, 2006
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$14,000</u>	<u>NONE</u>	<u>NONE</u>	<u>\$14,000</u>
Capital assets being depreciated:				
Buildings	\$426,039			\$426,039
Vehicles and equipment	124,387		(\$4,550)	119,837

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

	Balance at January 1, 2006	Increases	Decreases	Balance at December 31, 2006
Total capital assets being depreciated	\$550,426	NONE	(\$4,550)	\$545,876
Less accumulated depreciation for:				
Buildings	175,838	10,651		186,489
Vehicles and equipment	65,383	9,402	(2,326)	72,459
Total accumulated depreciation	241,221	20,053	(2,326)	258,948
Total assets being depreciated, net	<u>\$309,205</u>	<u>(\$20,053)</u>	<u>(\$2,224)</u>	<u>\$286,928</u>
Business-type activities:				
Capital assets being depreciated:				
Water and sewer systems and improvements	\$2,219,377			\$2,219,377
Building	2,618			2,618
Equipment	19,054			19,054
Total capital assets being depreciated	2,241,049	NONE	NONE	2,241,049
Less accumulated depreciation for:				
Water and sewer systems and improvements	\$845,439	\$81,333		\$926,772
Building	713	104		817
Equipment	12,603	1,852		14,455
Total accumulated depreciation	\$858,755	\$83,289	NONE	\$942,044
Total assets being depreciated, net	<u>\$1,382,294</u>	<u>(\$83,289)</u>	<u>NONE</u>	<u>\$1,299,005</u>

Depreciation expense of \$20,053 was charged to the general government governmental function and \$83,289 was charged to the water and sewer business-type activities function for the year ended December 31, 2006.

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

7. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended December 31, 2006:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$32,693	(\$69)
LCDBG Capital Projects Fund	69	
Water and Sewer Enterprise Fund		<u>(32,693)</u>
Total	<u>\$32,762</u>	<u>(\$32,762)</u>

The transfers were made to pay a portion of the personnel costs paid by the General Fund and to open LCDBG bank account.

8. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2006:

Revenue bonds payable at January 1, 2006	\$402,654
Additions	NONE
Reductions	<u>(15,493)</u>
Revenue bonds payable at December 31, 2006	<u>\$387,161</u>

Interest expense in the amount of \$20,801 is included in the water and sewer service business type activities function expenses.

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2006:

Current portion	\$15,830
Long-term portion	<u>371,331</u>
Total	<u>\$387,161</u>

All outstanding long-term debt at December 31, 2006, in the amount of \$387,331 are revenue bonds payable with maturities from 2007 until 2029 and 4.5% to 6.125% interest rates. Loan principal and interest payable in the next fiscal year are \$15,830 and \$20,467, respectively. The individual bonds are as follows:

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

	\$237,000 Bonds	\$13,000 Bonds	\$359,000 Bonds
Original issue date	4/5/88	4/5/88	5/22/96
Interest rate	6.00%	6.125%	4.50%
Final payment due	4/5/29	4/5/28	5/20/22
Interest to maturity	\$159,676	\$9,020	\$61,532
Principal outstanding	\$191,555	\$10,558	\$185,048
Funding source	Water revenue	Water revenue	Sewer revenue

The loans are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2007	\$15,807	\$20,489	\$36,296
2008	16,588	19,708	36,296
2009	17,407	18,889	36,296
2010	18,268	18,028	36,296
2011	19,200	17,096	36,296
2012 - 2016	111,243	70,211	181,454
2017 - 2021	93,494	41,195	134,689
2022 - 2026	62,190	21,503	83,693
2027 - 2029	32,964	3,109	36,073
Total	<u>\$387,161</u>	<u>\$230,228</u>	<u>\$617,389</u>

9. RESTRICTED NET ASSETS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the 1988 Water Revenue Bonds discussed in note 8 above, require the village to establish the following reserve accounts:

- A. A "Sinking Fund". The village must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
- B. A "Reserve Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Sinking Fund each month until \$16,738 has been accumulated therein. Such

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

amounts may be used only for the payment of maturing bonds and interest for which sufficient funds are not available in the Sinking Fund.

- C. A "Contingency Fund". The village must transfer \$66 into this fund each month. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the 1996 Sewer Revenue Bonds discussed in note 8 above, require the village to establish the following reserve accounts:

- A. A "Reserve Fund". The village must transfer \$82 into this fund each month until \$19,558 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which would otherwise be in default.
- B. A "Contingency Fund". The village must transfer \$97 into this fund each month. The deposits in this fund may be used to care for depreciation, extensions, additions, improvements, and replacements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve fund.

At December 31, 2006 the village has \$7,380, in restricted accounts to meet reserve requirements. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 2006:

Reserve for revenue bonds payable at January 1, 2006	\$19,211
Interest earnings	169
Withdrawal	<u>(12,000)</u>
Reserve for bonds payable at December 31, 2006	<u>\$7,380</u>

See accountant's report.

VILLAGE OF EPPS
Notes to the Financial Statements

10. RISK MANAGEMENT

The village purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

11. CONTINGENT LIABILITIES

The village is involved in three lawsuits at December 31, 2006. No provision for any liability that may result from an unfavorable outcome is recorded in the accompanying financial statements.

12. OPERATING AGREEMENT

In September 1996, the village entered into an agreement with Correctional Operations Management Company, L.L.C., (COMCO) to become the sponsoring agent for COMCO to operate and manage the facility known as West Carroll Detention Center. The village agreed to sponsor COMCO and lease property to them for an original term of five years. The agreement contains an option to extend the term of sponsorship and lease agreement for three additional five year terms. During 2003, COMCO changed the name of its operation to Emerald Corporation. The village received \$108,000 in connection with the agreement for the year ended December 31, 2006.

See accountant's report.

REQUIRED SUPPLEMENTAL INFORMATION

See accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2006

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$16,750	\$15,036	\$14,159	(\$877)
Licenses and permits	19,990	25,800	12,930	(12,870)
Intergovernmental revenue - federal grant			4,284	4,284
Fines	240,000	166,966	130,637	(36,329)
Rent	123,600	109,500	109,680	180
Other revenue	4,100	5,358	4,279	(1,079)
Total revenues	<u>404,440</u>	<u>322,660</u>	<u>275,969</u>	<u>(46,691)</u>
EXPENDITURES				
General government:				
Personal services	225,500	202,660	218,553	(15,893)
Operating services	105,575	85,214	99,466	(14,252)
Materials and supplies	28,500	34,758	28,565	6,193
Total expenditures	<u>359,575</u>	<u>322,632</u>	<u>346,584</u>	<u>(23,952)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	44,865	28	(70,615)	(70,643)
OTHER FINANCING SOURCES - transfers (net)	<u>NONE</u>	<u>NONE</u>	<u>32,624</u>	<u>32,624</u>
NET CHANGE IN FUND BALANCE	44,865	28	(37,991)	(38,019)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>(11,323)</u>	<u>(11,323)</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>\$44,865</u>	<u>\$28</u>	<u>(\$49,314)</u>	<u>(\$49,342)</u>

There was one budget amendment during the year ended December 31, 2006.

See accountant's report.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2006

COMPENSATION PAID ALDERMEN

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive a per diem of \$75 per month.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 3.

See accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Per Diem Paid Aldermen
For the Year Ended December 31, 2006

Maggie Hale	\$1,275
Katherine Johnson	1,267
Faye White	<u>1,275</u>
Total	<u>\$3,817</u>

See accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2006

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2005-1	2004	Need to Improve Controls Over Cash Disbursements	No	See current year findings.
2005-2	2003	Need to Comply with Local Government Budget Act	No	See current year findings.
2005-3	2004	Donation or Loan of Public Funds	Partially	See current year findings.
2005-4	2005	Misappropriation of Public Funds	Yes	N/A
2005-5	2004	Need to Fund Reserve Requirements	No	See current year findings.
2005-6	2004	Sales Tax Collection on Water Sales	No	See current year findings.

See accountant's report.

VILLAGE OF EPPS
Epps, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2006

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 6	General Fund budget for 2006 was adopted on January 9, 2006.	The budget for 2007 was adopted prior to January 1, 2007.	Jeff Guice, Mayor	N/A
Procedure 7	General Fund actual expenditures exceeded budgeted expenditures by \$24,021 or 7%.	For 2007, the budget will be amended when actual expenditures exceed budgeted expenditures by 5% or more.	Jeff Guice, Mayor	12/31/07
Procedure 11	Nine different employees were paid in advance at least once during the year. Five different employees were overpaid a total of \$3,542 for the month of January 2006.	For 2007, payroll checks will be issued on the 15 th and 30 th of each month. The village will consult legal counsel concerning the overpayments in January 2006.	Jeff Guice, Mayor	12/31/07
N/A	Two employees were paid for unused vacation during the year. The total amount paid was \$1,661.	These employees were paid prior to the exit conference held in June 2006. In 2007, no employees will be paid for unused vacation.	Jeff Guice, Mayor	N/A

See accountant's report.

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Charges on credit card statements were not reconciled to supporting receipts. The credit card charges included items that appear to be personal expenses. Interest and late fees were incurred because credit card bills were not paid by the due date. Credit card charges were not posted to the proper general ledger accounts.	The village no longer has credit cards.	Jeff Guice, Mayor	N/A
N/A	No payroll tax deposits were made for the months of May 2006 through December 2006. During 2006, the village was assessed \$12,207 in penalties and interest due to not properly paying 2005 payroll taxes.	The village will pay all payroll taxes due for 2006 as soon as funds become available.	Jeff Guice, Mayor	12/31/07

See accountant's report.

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	The village had no policy regarding cell phone usage by its employees. The village incurred excessive cell phone charges that included charges for internet access, text messaging, and internet downloads that appear to be personal in nature.	The village no longer has any cell phones.	Jeff Guice, Mayor	N/A
N/A	The village paid \$3,468 for inmate lunches during the year in addition to paying \$750 to inmates as contract laborers. There was insufficient documentation to support the expenses.	The village no longer uses inmate labor.	Jeff Guice, Mayor	N/A
N/A	The village did not fund its reserve accounts as required by its loan resolutions. The village also withdrew \$12,000 from the reserve accounts to fund operations which is prohibited by the loan resolution.	The village will fund the reserve accounts when funds become available. Reserve funds will no longer be used to fund operations.	Jeff Guice, Mayor	12/31/07

See accountant's report.

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	The village incurred penalties and interest for failing to collect state sales tax on nonresidential water customers and for not properly filing sales tax returns.	The village clerk will contact the Louisiana Department of Revenue and resolve this issue.	Jeff Guice, Mayor	12/31/07
N/A	Adjustments to customers water and sewer accounts were not adequately supported. Adjustments to accounts were not posted to the general ledger. Billing registers for November and December were not properly printed and maintained which resulted in an incorrect posting to the general ledger accounts.	All adjustments to customers accounts will be adequately supported. All reports pertaining to water and sewer billing will be properly printed and maintained. Adjustments will be properly posted to the general ledger accounts.	Jeff Guice, Mayor	12/31/07
N/A	The village does not have a formal records retention schedule.	The village will prepare and submit a records retention schedule to the Louisiana Secretary of State.	Jeff Guice, Mayor	12/31/07

See accountant's report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD . CALHOUN, LOUISIANA. TELEPHONE 318/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Epps and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the village's compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$20,000 nor were there any disbursements for public works exceeding \$100,000 made during the year.

Code of Ethics for Public Officials and Public Employees

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

Management provided me with the required list including the noted information for all employees that were still employed as of December 31, 2006.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2006

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

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) was also included on the listing obtained from management in agreed-upon procedure (2) as an immediate family member.

Budgeting

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

I obtained a copy of the General Fund adopted budget and the amended budget.

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

The General Fund budget was adopted on January 9, 2006 and the amended budget was adopted on September 11, 2006.

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

Actual revenues failed to meet budgeted revenues by less than 5% and actual expenditures exceeded budgeted expenditures by \$24,021 or 7%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

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An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The public notices for meetings and agendas were posted as required by LSA-RS 42:7.

Debt

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

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses or gifts. However, nine different employees were paid in advance numerous times during the year.

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

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

/s Carleen Dumas
Calhoun, Louisiana
June 29, 2007

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2006 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of _____.

PUBLIC BID LAW

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

Yes [X] No [] N/A []

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

BUDGETING

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

Yes [] No [X] N/A []

ACCOUNTING AND REPORTING

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

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

Yes [X] No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [X] No [] N/A []

DEBT

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

Yes [X] No [] N/A []

ADVANCES AND BONUSES

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

Yes [] No [X] N/A []

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

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

/s Denise Franks _____
Name Date