

**VILLAGE OF EPPS  
Epps, Louisiana**

**Annual Financial Statements**

**As of and for the Year Ended  
December 31, 2007**

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

Release Date 7/2/08

VILLAGE OF EPPS  
Epps, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2007

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VILLAGE OF EPPS  
Epps, Louisiana  
Annual Financial Statements  
As of and for the Year Ended December 31, 2007

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*M. Carleen Dumas*

**CERTIFIED PUBLIC ACCOUNTANT**

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

**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, 2007. 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 23, 2008, 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 23, 2008

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, 2007

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, 2007. 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 \$26,390 during 2007. The decrease in net assets is primarily due to a \$33,077 decrease in business-type activities net assets resulting from revenues being insufficient to cover all expenses including depreciation. 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	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current assets	\$50,691	\$19,981	\$56,581	\$36,018	\$107,272	\$55,999
Restricted assets			8,534	7,380	8,534	7,380
Capital assets	305,860	300,928	1,215,779	1,299,005	1,521,639	1,599,933
Total assets	<u>356,551</u>	<u>320,909</u>	<u>1,280,894</u>	<u>1,342,403</u>	<u>1,637,445</u>	<u>1,663,312</u>
<b>Liabilities</b>						
Current liabilities	95,141	69,307	38,223	41,738	133,364	111,045
Long-term liabilities	3,121		354,933	371,331	358,054	371,331
Total liabilities	<u>98,262</u>	<u>69,307</u>	<u>393,156</u>	<u>413,069</u>	<u>491,418</u>	<u>482,376</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	284,820	300,928	844,250	911,844	1,129,070	1,212,772
Restricted			8,534	7,380	8,534	7,380
Unrestricted (deficit)	<u>(26,531)</u>	<u>(49,326)</u>	<u>34,954</u>	<u>10,110</u>	<u>8,423</u>	<u>(39,216)</u>
Total net assets	<u>258,289</u>	<u>251,602</u>	<u>887,738</u>	<u>929,334</u>	<u>1,146,027</u>	<u>1,180,936</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
<b>Program revenues</b>						
Charges for services	\$195,760	\$256,118	\$122,429	\$129,049	\$318,189	\$385,167
Operating grant		4,284				4,284
Capital grants	64,913				64,913	
<b>General revenues</b>						
Franchise taxes	15,570	14,159			15,570	14,159
Tobacco taxes	1,889				1,889	
Investment earnings			74	169	74	169
Other	1,390	1,308			1,390	1,308
Special item - gain (loss) on sale of fixed assets	24,692	(2,124)			24,692	(2,124)
<b>Transfers</b>	9,170	32,693	(9,170)	(32,693)		
Total revenue and transfers	<u>313,384</u>	<u>306,438</u>	<u>113,333</u>	<u>96,525</u>	<u>426,717</u>	<u>402,963</u>
<b>Program expenses</b>						
General government	256,784	366,637			256,784	366,637
Community development	49,913	12			49,913	12
Water and sewer			146,410	168,767	146,410	168,767
Total expenses	<u>306,697</u>	<u>366,649</u>	<u>146,410</u>	<u>168,767</u>	<u>453,107</u>	<u>535,416</u>
Change in net assets	6,687	(60,211)	(33,077)	(72,242)	(26,390)	(132,453)
Net assets - beginning, restated	<u>251,602</u>	<u>311,813</u>	<u>920,815</u>	<u>1,001,576</u>	<u>1,172,417</u>	<u>1,313,389</u>
Net assets - ending	<u>\$258,289</u>	<u>\$251,602</u>	<u>\$887,738</u>	<u>\$929,334</u>	<u>\$1,146,027</u>	<u>\$1,180,936</u>

The Village's total revenues increased \$23,754 despite a \$85,300 decrease in revenues from fines. The increase in total revenues resulted from a increase in rent revenue, federal grants and the sale of fixed assets. Total expenses decreased \$82,309 due to decreases in salaries, gas and oil, and police department expense.

#### Governmental Funds

Total revenue and transfers for governmental activities increased \$6,946 from revenues of the prior year due to the net effect of an increase in rent revenue, federal grants, and the sale of fixed assets and a decrease in revenue from fines. The expenses of the governmental activities decreased \$59,952 from expenses of the prior year due primarily to the decrease in salaries, gas and oil, and police department expenses.

#### Business-Type Activities

The Village's charges for services for its business-type activities decreased \$6,620 from the prior year. Total expenses decreased \$22,357 primarily due to a decrease in supplies and repairs and maintenance expenses.

## **OVERALL FINANCIAL POSITION**

Although improvements were made in 2007, the Village is still experiencing an extremely poor financial condition. The Village's net assets decreased \$26,390 as a result of this year's operations but is an improvement from the \$132,453 decrease in the prior year. Unrestricted net assets ( those assets available to finance the daily operations of the Village) were \$8,423 at year end. Assets restricted for debt service were \$8,534 at year end. The amount invested in capital assets, net of related debt, was \$1,129,070 at year end.

## **VILLAGE'S FUNDS**

At the end of the year, the Village's General Fund reported a deficit fund balance of \$26,531. The reduction in the deficit in unrestricted fund balance for 2007 was \$22,802 due primarily to the sale of land, increases in rent revenue and a decrease in expenses. The Water and Sewer Enterprise Fund reported unrestricted net assets of \$34,954 at year end. The decrease in net assets was \$33,077 for 2007 due to the fact that revenues are not sufficient to cover operating expenses including depreciation of \$83,226. The LCDBG Capital Projects Fund reported a deficit fund balance of \$19 at year end.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village amended its General Fund budget one time during 2007. At year end, actual revenues and other sources were \$97,174 more than budgeted revenues and other sources and actual expenditures were \$68,734 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 \$1,521,639. 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.

The village purchased a police car under a capital lease agreement, a computer and an air conditioning unit for the town hall during 2007. The village sold land for \$25,000 and two old police cars resulting in a gain from the sale of fixed assets of \$24,692. Additional information about the Village's capital assets is presented in the notes to the financial statements.

### **Debt**

During 2007, the village entered into a \$21,040 capital lease agreement to purchase a new police car. No payments were made under the lease agreement during 2007. At year end the Village had \$371,529 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**

The Village prepared its 2008 General Fund budget on the assumption that revenues will increase approximately \$23,130 and expenditures will increase approximately \$17,034 from 2007 budgeted amounts. The increase in revenues is primarily an increase in fines and the increase in expenditures is primarily an increase in salaries and payroll taxes and insurance. The Village is in negotiations to restructure its lease agreement for the West Carroll Detention Center to help alleviate some of its financial problems. The Village does anticipate an increase in revenues and expenditures during 2008 for the LCDBG Capital Projects Funds due to the majority of construction of the water system improvements occurring during 2008. The Village expects the revenues and expenses of the Water and Sewer Enterprise Fund to be fairly constant for 2008.

**BASIC FINANCIAL STATEMENTS**

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF NET ASSETS  
December 31, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash	\$46,853	\$46,421	\$93,274
Receivables (net of allowances for uncollectibles)	3,838	10,160	13,998
Restricted assets - certificates of deposit		8,534	8,534
Capital assets (net)	<u>305,860</u>	<u>1,215,779</u>	<u>1,521,639</u>
TOTAL ASSETS	<u>356,551</u>	<u>1,280,894</u>	<u>1,637,445</u>
<b>LIABILITIES</b>			
Accounts payable	33,138	2,745	35,883
Payroll taxes payable	44,084		44,084
Customer deposits		10,613	10,613
Accrued interest payable		8,269	8,269
Long-term liabilities:			
Due within one year	17,919	16,596	34,515
Due in more than one year	<u>3,121</u>	<u>354,933</u>	<u>358,054</u>
TOTAL LIABILITIES	<u>98,262</u>	<u>393,156</u>	<u>491,418</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	284,820	844,250	1,129,070
Restricted for debt service		8,534	8,534
Unrestricted (deficit)	<u>(26,531)</u>	<u>34,954</u>	<u>8,423</u>
TOTAL NET ASSETS	<u>\$258,289</u>	<u>\$887,738</u>	<u>\$1,146,027</u>

See accompanying notes and accountant's report.

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2007

	Expenses	Program Revenues.. Charges for Services	Capital Grants	Governmental Activities	Business- Type Activities	Total	Net (Expense) Revenue and .....Changes in Net Assets.....
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$256,784	\$195,760	\$15,000	(\$46,024)			(\$46,024)
Community development	49,913	49,913					
Total governmental activities	306,697	195,760	64,913	(46,024)			(46,024)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water and sewer service	146,410	122,429			(\$23,981)		(23,981)
Total government	\$453,107	\$318,189	\$64,913	(46,024)	(23,981)		(70,005)
<b>GENERAL REVENUES, TRANSFERS AND</b>							
Franchise taxes	15,570						15,570
Tobacco taxes	1,889						1,889
Investment earnings					74		74
Other revenues	1,390						1,390
Special item - gain on sale of fixed assets	24,692						24,692
Transfers	9,170				(9,170)		
Total general revenues, transfers, and special items	52,711			(46,024)	(9,096)		43,615
<b>CHANGE IN NET ASSETS</b>				6,687	(33,077)		(26,390)
<b>NET ASSETS - BEGINNING (Restated)</b>				251,602	920,815		1,172,417
<b>NET ASSETS - ENDING</b>				\$258,289	\$887,738		\$1,146,027

See accompanying notes and accountant's report.

VILLAGE OF EPPS  
Epps, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2007

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$46,772	\$81	\$46,853
Receivables	3,838		3,838
Due from other funds	100		100
	<u>\$50,710</u>	<u>\$81</u>	<u>\$50,791</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$33,138		\$33,138
Payroll taxes payable	44,084		44,084
Due to other funds		\$100	100
Total liabilities	77,222	100	77,322
Fund balance - unreserved (deficit)	(26,512)	(19)	(26,531)
	<u>\$50,710</u>	<u>\$81</u>	<u>\$50,791</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>			

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

Fund balances - unreserved (deficit) - Total Governmental Funds	(\$26,531)
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	305,860
Long-term liabilities such as capital leases payable are not due and payable in the current period and therefore are not reported in the funds	(21,040)
Net assets of governmental activities (Statement A)	<u>\$258,289</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, 2007

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Franchise taxes	\$15,570		\$15,570
Tobacco taxes	1,889		
Licenses and permits	18,163		18,163
Intergovernmental revenue:			
State grants	15,000		15,000
Federal grants		\$49,913	49,913
Fines	45,337		45,337
Rent	129,345		129,345
Other revenues	4,305		4,305
Total revenues	<u>229,609</u>	<u>49,913</u>	<u>277,633</u>
<b>EXPENDITURES</b>			
General government:			
Personal services	159,051		159,051
Operating services	62,906	7	62,913
Materials and supplies	16,084		16,084
Community development - facilities construction		49,913	49,913
Capital outlay	24,625		24,625
Debt service	176		176
Total expenditures	<u>262,842</u>	<u>49,920</u>	<u>312,762</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(33,233)</u>	<u>(7)</u>	<u>(33,240)</u>
<b>OTHER FINANCING SOURCES (Uses)</b>			
Operating transfer in	9,170		9,170
Proceeds from sale of fixed assets	25,825		25,825
Increase in capital lease payable	21,040		21,040
Total other financing sources (uses)	<u>56,035</u>	<u>NONE</u>	<u>56,035</u>
<b>NET CHANGE IN FUND BALANCES</b>	22,802	(7)	22,795
<b>FUND BALANCE (Deficit) AT BEGINNING OF YEAR</b>	<u>(49,314)</u>	<u>(12)</u>	<u>(49,326)</u>
<b>FUND BALANCE (Deficit) AT END OF YEAR</b>	<u><u>(\$26,512)</u></u>	<u><u>(\$19)</u></u>	<u><u>(\$26,531)</u></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, 2007

Total  
 Governmental  
 Funds

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**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 \$22,795  
 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. 6,065

Increase in capital leases provide current financial resources to  
 governmental funds, but capital leases increase long-term  
 liabilities in the statement of net assets. (21,040)

In the statement of activities, only the gain on the sale  
 of fixed assets is reported, whereas in the governmental  
 funds, the proceeds from the sales increase financial  
 resources. Thus, the change in net assets differs from  
 the change in fund balance by the book values of the assets. (1,133)

Change in net assets of governmental activities (Statement B) \$6,687

(Concluded)

See accompanying notes and accountant's report.

**Statement E**

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES  
December 31, 2007

	<u>Water and Sewer Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$46,421
Accounts receivable (net of allowance for doubtful accounts)	10,160
Total current assets	<u>56,581</u>
Noncurrent assets:	
Restricted assets - certificates of deposit	8,534
Capital assets (net of accumulated depreciation)	1,215,779
Total noncurrent assets	<u>1,224,313</u>
Total assets	<u>1,280,894</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$2,745
Accrued interest payable	8,269
Current portion of long-term debt	16,596
Customer deposits	10,613
Total current liabilities	<u>38,223</u>
Noncurrent liabilities:	
Long-term debt - revenue bonds payable	354,933
Total liabilities	<u>393,156</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	844,250
Restricted for debt service	8,534
Unrestricted	34,954
Total net assets	<u>\$887,738</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, 2007

	Water and Sewer Enterprise Fund
<b>OPERATING REVENUES</b>	
Water sales	\$72,841
Sewer fees	48,587
Penalties	1,000
Total operating revenue	<u>122,428</u>
<b>OPERATING EXPENSES</b>	
Office expense	260
Advertising	1,010
Postage	1,193
Repairs and maintenance	1,467
Utilities and telephone	21,488
Supplies	5,520
Insurance	3,584
Accounting	1,500
Fees and dues	1,857
Water and sewer analysis	4,502
Depreciation	83,226
Other operating expenses	755
Total operating expenses	<u>126,362</u>
<b>OPERATING INCOME (Loss)</b>	<u>(3,934)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Interest earned on deposits	74
Transfers to General Fund	(9,170)
Interest expense	(20,047)
Total non-operating revenues	<u>(29,143)</u>
<b>CHANGE IN NET ASSETS</b>	(33,077)
<b>NET ASSETS - BEGINNING (Restated)</b>	<u>920,815</u>
<b>NET ASSETS - ENDING</b>	<u>\$887,738</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>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$126,806
Customer meter deposits (net)	(188)
Payments to suppliers	<u>(46,612)</u>
Net cash provided by operating activities	<u>80,006</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer to General Fund	<u>(9,170)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital debt	(15,632)
Interest paid on capital debt	(20,664)
Increase in restricted cash - certificates of deposit	<u>(1,154)</u>
Net cash used by capital and related financing activities	<u>(37,450)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>74</u>
<b>NET INCREASE IN CASH</b>	33,460
<b>CASH AT BEGINNING OF YEAR</b>	<u>12,961</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$46,421</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	<u>(\$3,934)</u>
Adjustments:	
Depreciation	83,226
Decrease in accounts receivable	4,001
Decrease in customer meter deposits	188
Decrease in accounts payable	<u>(3,475)</u>
Total adjustments	<u>83,940</u>
Net cash provided by operating activities	<u><u>\$80,006</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, 2010. The aldermen receive a per diem of \$75 per regular meeting and \$37 for each special meeting. 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 six 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.

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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 water 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.

See accountant's report.

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**C. Deposits**

The village's cash and restricted cash are amounts in 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, 2007.

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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 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, 2007, the village's governmental fund balances were unreserved and undesignated.

**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

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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, 2007 for the Water and Sewer Enterprise Fund:

Total interest cost expensed	\$20,047
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$20,047</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, 2007.

**B. Excess of Expenditures Over Appropriations**

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2007:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$165,045</u>	<u>\$194,108</u>	<u>\$262,842</u>	<u>\$68,734</u>

**C. Deficits**

The following individual fund had deficits in unreserved fund balance at December 31, 2007:

See accountant's report.



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General Fund	\$26,512
LCDBG Capital Projects Fund	<u>19</u>
Total	<u>\$26,531</u>

The village plans to eliminate these deficits with an increase in lease payments from the West Carroll Detention Center.

**3. DEPOSITS IN FINANCIAL INSTITUTIONS**

At December 31, 2007, the village has cash and restricted cash - certificates of deposit (book balances) as follows:

Checking accounts	\$93,274
Short-term investments - certificates of deposit	<u>8,534</u>
Total	<u>\$101,808</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, 2007, these deposits are secured from risk by federal deposit insurance .

**4. RECEIVABLES**

The following is a summary of receivables at December 31, 2007:

	General Fund	Water and Sewer Enterprise Fund	Total
Franchise taxes	\$3,743		\$3,743
Fines	95		95
Charges for services		\$12,165	12,165
Allowance for doubtful accounts		<u>(2,005)</u>	<u>(2,005)</u>
Total	<u>\$3,838</u>	<u>\$10,160</u>	<u>\$13,998</u>

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5. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at December 31, 2007:

	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, 2007, is as follows:

	Balance at January 1, 2007	Increases	Decreases	Balance at December 31, 2007
<b>Governmental activities:</b>				
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	<u>119,837</u>	<u>\$24,625</u>	<u>(\$2,000)</u>	<u>142,462</u>
Total capital assets being depreciated	<u>\$545,876</u>	<u>\$24,625</u>	<u>(\$2,000)</u>	<u>\$568,501</u>
Less accumulated depreciation for:				
Buildings	186,489	10,651		197,140
Vehicles and equipment	<u>72,458</u>	<u>7,909</u>	<u>(866)</u>	<u>79,501</u>
Total accumulated depreciation	<u>258,947</u>	<u>18,560</u>	<u>(866)</u>	<u>276,641</u>

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	Balance at January 1, 2007	Increases	Decreases	Balance at December 31, 2007
Total assets being depreciated, net	<u>\$286,929</u>	<u>\$6,065</u>	<u>(\$1,134)</u>	<u>\$291,860</u>
<b>Business-type activities:</b>				
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	<u>2,241,049</u>	NONE	NONE	<u>2,241,049</u>
Less accumulated depreciation for:				
Water and sewer systems and improvements	\$926,772	\$81,333		\$1,008,105
Building	817	104		921
Equipment	14,455	1,789		16,244
Total accumulated depreciation	<u>\$942,044</u>	<u>\$83,226</u>	NONE	<u>\$1,025,270</u>
Total assets being depreciated, net	<u>\$1,299,005</u>	<u>(\$83,226)</u>	NONE	<u>\$1,215,779</u>

Depreciation expense of \$18,560 was charged to the general government governmental function and \$83,226 was charged to the water and sewer business-type activities function for the year ended December 31, 2007.

**7. INTERFUND TRANSFERS**

The following is a summary of interfund transfers during the year ended December 31, 2007:

	Transfer In	Transfer Out
General Fund	\$9,170	
Water and Sewer Enterprise Fund		<u>\$9,170</u>

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	<u>Transfer In</u>	<u>Transfer Out</u>
Total	<u>\$9,170</u>	<u>\$9,170</u>

The transfers were made to pay a portion of the personnel costs paid by the General Fund.

**8. CAPITAL LEASE**

The Village of Epps records items under capital leases as an asset and on obligation in the accompanying financial statements. The village's capital lease is for a police car with a recorded amount of \$21,040. The following is a schedule of future minimum lease payments under the lease, together with the present value of the net minimum lease payments, as of December 31, 2007:

<u>Year Ending December 31,</u>	
2008	\$18,336
2009	<u>3,336</u>
Total minimum lease payments	21,672
Less amounts representing interest	<u>(632)</u>
Present value of net minimum lease payments	<u>\$21,040</u>

**9. LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations transactions for the year ended December 31, 2007:

	<u>Revenue Bonds Payable</u>	<u>Capital Leases Payable</u>	<u>Total</u>
Balance January 1, 2007	\$387,161	NONE	\$387,161
Additions		\$21,040	\$21,040
Reductions	<u>(\$15,632)</u>		<u>(15,632)</u>
Balance at December 31, 2007	<u>\$371,529</u>	<u>\$21,040</u>	<u>\$392,569</u>

Interest expense in the amount of \$20,047 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, 2007:

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	Revenue Bonds Payable	Capital Leases Payable	Total
Current portion	\$16,596	\$17,919	\$34,515
Long-term portion	354,933	3,121	358,054
Total	<u>\$371,529</u>	<u>\$21,040</u>	<u>\$392,569</u>

Revenue bonds payable in the amount of \$371,529 have maturities from 2008 until 2029 and 4.5% to 6.125% interest rates. Loan principal and interest payable in the next fiscal year are \$16,596 and \$19,701, respectively. The individual bonds are as follows:

	\$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	\$149,248	\$8,435	\$53,042
Principal outstanding	\$187,602	\$10,345	\$173,582
Funding source	Water revenue	Water revenue	Sewer revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2008	\$16,596	\$19,701	\$36,297
2009	17,416	18,881	36,297
2010	18,277	18,020	36,297
2011	19,181	17,115	36,296
2012	20,132	16,165	36,297
2013 - 2017	116,680	64,804	181,484
2018 - 2022	78,216	36,517	114,733
2023 - 2027	65,574	18,119	83,693
2028 - 2029	19,457	1,403	20,860
Total	<u>\$371,529</u>	<u>\$210,725</u>	<u>\$582,254</u>

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**10. 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 9 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 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.

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At December 31, 2007 the village has \$8,534, 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, 2007:

Reserve for revenue bonds payable at January 1, 2007	\$7,380
Interest earnings	74
Deposits	<u>1,080</u>
Reserve for bonds payable at December 31, 2007	<u>\$8,534</u>

**11. RESTATEMENT OF NET ASSETS**

Water and Sewer Enterprise Fund - Net Assets, December 31, 2006, as previously reported	\$929,334
Accounts receivable overstated	<u>(8,519)</u>
Water and Sewer Enterprise Fund - Net Assets, December 31, 2006, restated	<u>\$920,815</u>

**12. 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.

**13. CONTINGENT LIABILITIES**

The village is involved in three lawsuits at December 31, 2007. No provision for any liability that may result from an unfavorable outcome is recorded in the accompanying financial statements.

During the year ended December 31, 2007, the village failed to file payroll tax returns as required by the Internal Revenue Service. The amount of any penalties and interest that may be assessed for failure to file cannot be determined at December 31, 2007. No provision for any liability that may result is recorded in the accompanying financial statements.

**14. 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

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name of its operation to Emerald Corporation. The village received \$108,000 in connection with the agreement for the year ended December 31, 2007. In addition, the village received \$19,000 from Emerald Corporation under a separate agreement for rental of the fish plant. The village is negotiating with Emerald Corporation to restructure the contract in 2008.

See accountant's report.



**REQUIRED SUPPLEMENTAL INFORMATION**

See accountant's report.

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SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND

For the Year Ended December 31, 2007

	Budgeted .....Amounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Franchise taxes	\$13,276	\$13,276	\$15,570	\$2,294
Tobacco taxes			1,889	1,889
Licenses and permits	17,170	20,600	18,163	(2,437)
Intergovernmental revenue - state grant			15,000	15,000
Fines	40,000	40,000	45,337	5,337
Rent	109,193	109,463	129,345	19,882
Other revenue	5,131	5,131	4,305	(826)
Total revenues	<u>184,770</u>	<u>188,470</u>	<u>229,609</u>	<u>41,139</u>
<b>EXPENDITURES</b>				
General government:				
Personal services	122,153	135,453	159,051	(23,598)
Operating services	33,818	45,011	62,906	(17,895)
Materials and supplies	9,074	13,644	16,084	(2,440)
Capital outlay			24,625	(24,625)
Debt service			176	(176)
Total expenditures	<u>165,045</u>	<u>194,108</u>	<u>262,842</u>	<u>(68,734)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>19,725</u>	<u>(5,638)</u>	<u>(33,233)</u>	<u>(27,595)</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in			9,170	9,170
Proceeds from sale of fixed assets			25,825	25,825
Increase in capital lease payable			21,040	21,040
Total other financing sources	<u>NONE</u>	<u>NONE</u>	<u>56,035</u>	<u>56,035</u>
<b>NET CHANGE IN FUND BALANCE</b>	19,725	(5,638)	22,802	28,440
<b>FUND BALANCE (Deficit) AT BEGINNING OF YEAR</b>	<u>NONE</u>	<u>NONE</u>	<u>(49,314)</u>	<u>(49,314)</u>
<b>FUND BALANCE (Deficit) AT END OF YEAR</b>	<u>\$19,725</u>	<u>(\$5,638)</u>	<u>(\$26,512)</u>	<u>(\$20,874)</u>

There was one budget amendment during the year ended December 31, 2007.

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**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's report.

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OTHER SUPPLEMENTAL INFORMATION SCHEDULES  
As of and For the Year Ended December 31, 2007

**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 regular meeting and \$37 per special meeting.

**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.

**Schedule 2**

VILLAGE OF EPPS  
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Schedule of Per Diem Paid Aldermen  
For the Year Ended December 31, 2007

Shirley Gibson	\$1,012
Charlie Grimble	1,012
Roberta Simms	<u>1,012</u>
Total	<u>\$3,036</u>

See accountant's report.

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STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2007

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
Procedure 6	2003	General Fund budget for 2006 adopted on January 9, 2006.	Yes	N/A
Procedure 7	2003	Actual General Fund expenditures exceeded budgeted expenditures by more than 5%.	No	See current year findings.
Procedure 11	2006	Employees paid in advance and overpaid.	Partially	See current year findings.
N/A	2006	Employees paid for unused vacation.	Yes	N/A
N/A	2006	Improper credit card charges and posting to general ledger.	Yes	N/A
N/A	2006	Failure to make payroll tax deposits.	No	See current year findings.
N/A	2006	Improper cell phone usage.	Yes	N/A
N/A	2006	Payment for inmate lunches and labor.	Yes	N/A
N/A	2004	Fund Reserve requirements and improper withdrawals.	Yes	N/A

See accountant's report.

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
N/A	2004	Sales tax collection on water sales and failure to file returns.	No	See current year findings.
N/A	2006	Adjustments to customer accounts and posting to general ledger.	No	See current year findings.
N/A	2006	Formal records retention schedule.	No	See current year findings.

See accountant's report.

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CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2007

<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 7	General Fund actual expenditures exceeded budgeted expenditures by \$68,734 or 35%.	The 2008 General Fund budget will be amended in accordance with state law.	Jeff Guice, Mayor	12/31/08
N/A	General Fund budgeted expenditures exceeded budgeted revenues plus budgeted beginning fund balance.	The village will contact outside accountant and make sure that 2008 budget is in accordance with state law.	Jeff Guice, Mayor	12/31/08
Procedure 8 (a)	One disbursement was not adequately supported and included \$88 in expenses that are considered a donation of public funds.	All future disbursements will be adequately supported and there will be no more donations of public funds.	Jeff Guice, Mayor	12/31/08
Procedure 11	Eight different employees were paid in advance at least one time before July 1, 2007.	No salaries have been paid in advance since July 1, 2007.	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	No federal payroll tax deposits were made for the months of January 2007 through July 2007. The deposits for August through December were not made in a timely manner. No federal payroll tax reports were filed during 2007.	Federal tax deposits will be made by the 15 <sup>th</sup> of the following month either by check or bank draft and payroll tax reports will be filed.	Jeff Guice, Mayor	12/31/08
N/A	State income tax withheld from employees payroll checks for the second and third quarter of 2007 have not been paid. Quarterly state income tax withholding reports have not been filed during 2007. The village was assessed \$605 in 2007 for penalties and interest for failure to file and pay state income taxes.	State income tax withholdings will be paid either by check or bank draft and state income tax withholding reports will be filed.	Jeff Guice, Mayor	12/31/08

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	State unemployment taxes have not been paid during 2007. Quarterly unemployment tax returns have not been filed during 2007. The village was assessed \$407 in 2007 for penalties and interest for failure to file and pay state unemployment taxes.	State unemployment taxes will be paid either by check or by bank draft and quarterly unemployment tax returns will be filed.	Jeff Guice, Mayor	12/31/08
N/A	The village incurred \$525 in 2007 for penalties and interest for failing to collect state sales tax on nonresidential water customers and for not properly filing sales tax returns.	The village will begin collecting sales tax on nonresidential customers and will file sales tax returns.	Jeff Guice, Mayor	12/31/08

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	Adjustments to customers water and sewer accounts were not adequately supported. Adjustments and credits to accounts were not properly posted to the general ledger. For the months of June through December, deposits were not supported by customer payment reports. The general ledger accounts receivable balance was not reconciled to the amount due from customers on a timely basis.	The village will begin using a worksheet that will provide the information needed to properly post transactions to the general ledger.	Jeff Guice, Mayor	12/31/08
N/A	The village does not have a formal records retention schedule.	The village will contact the Secretary of State to resolve this issue.	Jeff Guice, Mayor	12/31/08

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, 2007 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of 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, 2007.

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  
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December 31, 2007

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 December 11, 2006 and the amended budget was adopted on December 10, 2007.

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

Actual revenues exceeded budgeted revenues and actual expenditures exceeded budgeted expenditures by \$68,734 or 35%.

#### **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.

Village of Epps  
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December 31, 2007

An examination of six randomly selected disbursements disclosed the following:

- (a) One of the six selected disbursements was not 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, eight different employees were paid in advance at least one time before July 1, 2007.

Village of Epps  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 2007

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.

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 23, 2008



## **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, 2007 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  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  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  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  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 [ X ] No [ ] 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 Jeff Guice                      6/23/08  
Name                                      Date