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**VILLAGE OF EPPS
Epps, Louisiana**

**General Purpose Financial Statements
With Accountant's Compilation Report
And Agreed-Upon Procedures Report
As of and For the Year Ended
December 31, 1999
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of this report shall be submitted to the entity and made available to all citizens. The report shall also be made available to the State Comptroller of the Treasury, the State Auditor, and the State Board of Finance, where appropriate, at the office of the parish clerk of court.

Release Date JUL 26 2000

VILLAGE OF EPPS

Epps, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
And Agreed-Upon Procedures Report
As of and For the Year Ended
December 31, 1999
With Supplemental Information Schedules

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of Epps as of December 31, 1999, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Village of Epps. I have not audited or reviewed the accompanying general purpose financial statements and schedules and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated June 19, 2000, on the results of my agreed-upon procedures.

Carleen Dumas

Calhoun, Louisiana
June 19, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF EPPS
Epps, Louisiana
ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1999

	GOVERNMENTAL FUND TYPE.....			ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND		
ASSETS					
Current assets:					
Cash and cash equivalents	\$23,443	\$158	\$3,298		\$26,899
Receivables (net of allowance for doubtful accounts)	4,074		21,554		25,628
Due from other funds	6,528				6,528
Total current assets	<u>34,045</u>	<u>158</u>	<u>24,852</u>	NONE	<u>59,055</u>
Restricted assets - cash and cash equivalents			27,258		27,258
Investments	30,707				30,707
Water system plant and equipment (net of accumulated depreciation)			965,262		965,262
Buildings and equipment				\$542,140	542,140
TOTAL ASSETS	<u><u>\$64,752</u></u>	<u><u>\$158</u></u>	<u><u>\$1,017,372</u></u>	<u><u>\$542,140</u></u>	<u><u>\$1,624,422</u></u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities payable from current assets):					
Accounts and payroll taxes payable	\$3,304		\$560		\$3,864
Sales tax payable			473		473
Due to other funds		\$58	6,470		6,528
Customer meter deposits			9,077		9,077
Total current liabilities (payable from current assets)	<u>3,304</u>	<u>58</u>	<u>16,580</u>	NONE	<u>19,942</u>
Current liabilities (payable from restricted assets):					
Accrued interest payable			9,251		9,251
Revenue bonds payable			8,945		8,945
Total current liabilities (payable from restricted assets)	<u>NONE</u>	<u>NONE</u>	<u>18,196</u>	<u>NONE</u>	<u>18,196</u>

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1999

	GOVERNMENTAL FUND TYPE.....			ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND		
LIABILITIES AND FUND EQUITY (CONTD.):					
Long-term liabilities - revenue bonds payable			\$522,342		\$522,342
Total Liabilities	\$3,304	\$58	557,118	NONE	560,480
Fund Equity:					
Investment in general fixed assets				\$542,140	542,140
Contributed capital (net of accumulated depreciation on fixed assets acquired with federal grant			476,453		476,453
Retained earnings:					
Reserved for bonds payable			9,062		9,062
Unreserved - undesignated			(25,261)		(25,261)
Total retained earnings	NONE	NONE	(16,199)	NONE	(16,199)
Fund balance - unreserved - undesignated	61,448	100			61,548
Total Fund Equity	61,448	100	460,254	542,140	1,063,942
TOTAL LIABILITIES AND FUND EQUITY	\$64,752	\$158	\$1,017,372	\$542,140	\$1,624,422

(Concluded)

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1999

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Franchise taxes	\$9,226		\$9,226
Occupational licenses	13,389		13,389
Intergovernmental revenues:			
Federal grant	12,554	\$53,875	66,429
State funds	17,925		17,925
Traffic fines	36,217		36,217
Use of money and property:			
Rent	74,950		74,950
Interest earnings	853		853
Other revenues	8,838		8,838
Total revenues	<u>173,952</u>	<u>53,875</u>	<u>227,827</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	46,564		46,564
Operating services	63,155		63,155
Materials and supplies	13,088		13,088
Capital outlay	20,364		
Facilities acquisition and construction		53,875	53,875
Total expenditures	<u>143,171</u>	<u>53,875</u>	<u>176,682</u>
EXCESS OF REVENUES OVER EXPENDITURES	30,781	NONE	51,145
OTHER FINANCING USES - operating transfers out	<u>(26,069)</u>		<u>(26,069)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	4,712	NONE	4,712
FUND BALANCES AT BEGINNING OF YEAR	<u>56,736</u>	<u>100</u>	<u>56,836</u>
FUND BALANCES AT END OF YEAR	<u>\$61,448</u>	<u>\$100</u>	<u>\$61,548</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP Basis) and Actual
For the Year Ended December 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Franchise taxes	\$6,500	\$9,226	\$2,726
Occupational licenses	13,390	13,389	(1)
Intergovernmental:			
Federal grant		12,554	12,554
State funds	15,950	17,925	1,975
Traffic fines	30,000	36,217	6,217
Use of money and property:			
Rent	70,800	74,950	4,150
Interest earnings	150	853	703
Other revenues	5,000	8,838	3,838
Total revenues	<u>141,790</u>	<u>173,952</u>	<u>32,162</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	49,200	46,564	2,636
Operating services	66,950	63,155	3,795
Materials and supplies	15,450	13,088	2,362
Capital outlay	3,000	20,364	(17,364)
Total expenditures	<u>134,600</u>	<u>143,171</u>	<u>(8,571)</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,190	30,781	23,591
OTHER FINANCING SOURCES -			
operating transfer out	<u>(24,000)</u>	<u>(26,069)</u>	<u>(2,069)</u>

(Continued)

See accompanying notes and accountant's compilation report.

Statement C

VILLAGE OF EPPS

Epps, Louisiana

GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP Basis) and Actual, etc.

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES AND OTHER USES	(\$16,810)	\$4,712	\$21,522
FUND BALANCES AT BEGINNING OF YEAR	<u>51,589</u>	<u>56,736</u>	<u>5,147</u>
FUND BALANCES AT END OF YEAR	<u>\$34,779</u>	<u>\$61,448</u>	<u>\$26,669</u>

(Concluded)

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana
PROPRIETARY FUND TYPE -
WATER AND SEWER ENTERPRISE FUND

Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended December 31, 1999

OPERATING REVENUES

Water sales	\$62,980
Sewer sales	41,050
Penalties	2,466
Other	433
Total operating income	<u>106,929</u>

OPERATING EXPENSES

Salaries	50,230
Payroll taxes	4,624
Utilities	10,666
Repairs and maintenance	7,241
Insurance	4,919
Materials and supplies	8,195
Professional services	2,842
Telephone	363
Postage	794
Legal and accounting	900
Bad debt expense	699
Depreciation	41,012
Other operating expenses	3,126
Total operating expenses	<u>135,611</u>

OPERATING INCOME (Loss)(28,682)**NON-OPERATING REVENUES (Expenses)**

Interest income	596
Ad valorem taxes	7,072
Operating transfer in	26,069
Interest expense	<u>(28,144)</u>
Net non-operating revenues (expenses)	<u>5,593</u>

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS
 Epps, Louisiana
 PROPRIETARY FUND TYPE -
 WATER AND SEWER ENTERPRISE FUND
 Statement of Revenues, Expenses,
 and Changes in Retained Earnings, etc.

NET INCOME (Loss)	(\$23,089)
Adjustment for depreciation on fixed assets acquired with federal grant	<u>20,289</u>
NET DECREASE IN RETAINED EARNINGS	(2,800)
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(13,399)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u><u>(\$16,199)</u></u>

(Concluded)

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana
PROPRIETARY FUND TYPE -
WATER AND SEWER ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended December 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	<u>(\$28,682)</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	41,012
Bad debt expense	699
Increase in accounts receivable	(954)
Increase in due to other funds	2,851
Decrease in customer deposits	(27)
Decrease in taxes payable	(397)
Decrease in accounts payable	<u>(499)</u>
Total adjustments	<u>42,685</u>
Net cash provided by operating activities	<u>14,003</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on long-term debt	(29,170)
Interest paid on long-term debt	(29,126)
Purchase of fixed assets	(12,508)
Transfer from General Fund	26,069
Ad valorem taxes	<u>4,175</u>
Net cash used by capital and related financing activities	<u>(40,560)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	<u>596</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS (25,961)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 56,517

CASH AND CASH EQUIVALENTS AT END OF YEAR \$30,556

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Epps was incorporated under the provisions of the Lawrason Act in 1939. The village operates under a Mayor-Board of Aldermen form of government. The mayor and aldermen serve four-year terms which expire on December 31, 2002. The village has a Chief of Police and six other employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Village of Epps have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of Epps is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Epps for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
and

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

- a. The ability of the village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.
2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that should be considered as part of the village reporting entity.

C. FUND ACCOUNTING

The village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the village's

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

General Fund

The General Fund is the general operating fund of the village. It accounts for all financial resources, except those required to be accounted for in other funds.

**Community Development Block Grant
Capital Projects Fund**

The Community Development Block Grant Capital Projects Fund accounts for grants from the United States Department of Housing and Urban Development, Division of Administration for the improvement of the village's sewer system.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund is used to account for the operations of the village's water and sewer system. The use of enterprise funds is appropriate where the intent of the village is that the cost (expenses, including depreciation) of providing service to the general public on a continuing basis be financed or recovered primarily through user charges.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used for reporting all governmental fund types. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the village and billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The taxes are normally collected in December, January and February of the current year.

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the village.

Based on the above criteria, ad valorem taxes, franchise taxes, and intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

accounted for as other financing sources (uses) and are recorded when the underlying events occur.

The Water and Sewer Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The Water and Sewer Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Water and sewer sales are recognized in the period the service is provided to the customer. Salaries and other expenses are recognized when incurred.

E. 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.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent budget amendments.

F. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 1999, the village's investments consist of a nonnegotiable certificate of deposit with a original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost. The bank balance of the deposit is fully secured from risk by federal deposit insurance.

H. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructure general fixed assets consisting of roads, sidewalks, bridges, parking lots, and drainage systems are not capitalized, as these assets are immovable and of value only to the village. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 70 per cent of fixed assets are valued at actual cost, while the remaining 30 per cent are valued at estimated cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received. No depreciation has been provided on general fixed assets.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund net of accumulated depreciation. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Water distribution system	30 years
Buildings	25 years
Equipment	5 - 10 years

I. LONG-TERM DEBT

Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

J. VACATION AND SICK LEAVE

Permanent, full-time employees receive from five to ten days of vacation leave each year depending on length of service. Employees may accumulate and carry over five days of vacation each year upon approval by the Mayor. 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.

K. RESTRICTED ASSETS

Certain resources of the Water and Sewer Enterprise Fund set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited.

L. CONTRIBUTED CAPITAL

Grants, entitlements, or shared revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**N. TOTAL COLUMNS ON
COMBINED STATEMENTS**

The total columns on the combined statements are captioned Memorandum Only

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position nor results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At December 31, 1999, the village has cash and cash equivalents (book balances) totaling \$54,157, as follows:

Demand deposits	\$21,341
Certificates of deposit	<u>32,816</u>
Total	<u>\$54,157</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. Deposit balances (bank balances) at December 31, 1999, total \$58,917 and are fully secured by federal deposit insurance.

3. BUDGETED EXPENDITURES

For the year ended December 31, 1999, the General Fund's actual expenditures and other uses exceeded budgeted expenditures and other uses by \$10,640 or 7 %.

4. LEVIED TAXES

For the year ended December 31, 1999, the village levied 5.86 mills for the Water and Sewer Enterprise Fund on property with a taxable value of \$1,047,980.

5. RECEIVABLES

The following is a summary of receivables at December 31, 1999:

See accountant's compilation report.

VILLAGE OF EPPS
 Epps, Louisiana
 Notes to the Financial Statements (Continued)

	<u>General Fund</u>	<u>Water and Sewer Enterprise Fund</u>	<u>Total</u>
Taxes:			
Ad valorem		\$3,126	\$3,126
Franchise	\$2,362		2,362
Intergovernmental revenue	731		731
Other	981		981
Accounts		20,550	20,550
Allowance for doubtful accounts		(2,122)	(2,122)
Total	<u>\$4,074</u>	<u>\$21,554</u>	<u>\$25,628</u>

6. DUE TO/FROM OTHER FUNDS

The following is a summary of due to/from other funds at December 31, 1999:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$6,528	
LCDBG Capital Projects Fund		\$58
Water and Sewer Enterprise Fund		6,470
Total	<u>\$6,528</u>	<u>\$6,528</u>

7. FIXED ASSETS

The following presents changes in general fixed assets for the year ended December 31, 1999:

	<u>Land and Buildings</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Balance, January 1, 1999	\$464,039	\$57,737	\$521,776
Additions		20,364	20,364
Retirements	NONE	NONE	NONE
Balance, December 31, 1999	<u>\$464,039</u>	<u>\$78,101</u>	<u>\$542,140</u>

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

A summary of proprietary fund type property, plant, and equipment at December 31, 1999, follows:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water and sewer system	\$736,625	(\$377,540)	\$359,085
Sewer addition	644,317	(50,114)	594,203
Buildings	3,707	(1,307)	2,400
Equipment	<u>\$25,130</u>	<u>(\$15,556)</u>	<u>\$9,574</u>
Total	<u>\$1,409,779</u>	<u>(\$444,517)</u>	<u>\$965,262</u>

8. PENSION PLAN

The employees of the village are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the village contributes an equal amount to the Social Security System. The village does not guarantee the benefits granted by the Social Security System.

9. REVENUE BONDS PAYABLE

The liability for revenue bonds at December 31, 1999 includes the following:

Water Revenue Bonds sold by the village in 1988 in the amount of \$237,000 and \$13,000 to the United States Department of Agriculture, Farmers Home Administration, under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFDA 10.418) to construct the water system. The 1988 issues bear interest at 6 and 6.125 per cent annually. Annual principal and interest payments of \$16,739 are due through April 5, 2028 and are made solely from revenues derived from operation of the water system.

The village authorized the issuance of \$359,000 of Sewer Revenue Bonds dated May 22, 1996 to be sold to the United States Department of Agriculture, Farmers Home Administration, under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFDA 10.418) to finance a portion of the cost of improvements to the village sewer system. The bonds bear interest at 4.5 per cent annually. Annual principal and interest payments of \$19,558 are due through May 22, 2036 and are made solely from revenues derived from operation of the sewer system.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1999:

	1988 Water Revenue Bonds	1996 Sewer Revenue Bonds	Total
Revenue bonds payable at January 1, 1999	\$230,639	\$329,818	\$560,457
Additions			
Retirements	<u>(2,050)</u>	<u>(27,120)</u>	<u>(29,170)</u>
Revenue bonds payable at December 31, 1999	<u>\$228,589</u>	<u>\$302,698</u>	<u>\$531,287</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 1999, including interest of \$677,788, are as follows:

Year	
2000	\$36,297
2001	36,297
2002	36,297
2003	36,297
2004	36,297
2005 - 2009	181,484
2010 - 2014	181,484
2015 - 2019	181,484
2020 - 2024	181,484
2025 - 2029	164,746
2030 - 2034	97,792
2035 - 2036	39,117
Total	<u>\$1,209,076</u>

10. CONTRIBUTED CAPITAL

In 1989, the village received a grant totaling \$293,000 from the United States Department of Agriculture, Farmers Home Administration to finance approximately 54 per cent of the construction and acquisition of the water system. During the years ended December 31, 1995, 1996, and 1997, the village

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

received a total of \$310,461 in grant funds from the United States Department of Housing and Urban Development to finance approximately 49 per cent of the construction of the 1994 sewer improvement project. The grant amounts, shown as contributed capital on the balance sheet, are reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the grant funds. At December 31, 1999, accumulated depreciation on these assets is \$127,008.

11. DEFICIT IN RETAINED EARNINGS

At December 31, 1999, the Water and Sewer Enterprise Fund had a deficit in unreserved-undesignated retained earnings in the amount of \$25,261. The village will eliminate the deficit by an increase in revenues resulting from a 1996 sewer rate increase and transfers from the General Fund.

12. RESERVED RETAINED EARNINGS

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 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

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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, 1999 the district has \$27,258, in restricted accounts to meet reserve requirements. Of that amount, \$18,196 is offset by current liabilities, with the remaining \$9,062 reported as a reserve of retained earnings on Statement A. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 1999:

Reserve for revenue bonds payable at January 1, 1999	\$23,345
Deposits	18,925
Interest earnings	595
Loan payment	<u>(15,607)</u>
Reserve for bonds payable at December 31, 1999	<u>\$27,258</u>

13. LITIGATION AND CLAIMS

The village is involved in one lawsuit at December 31, 1999 that has been ongoing for several years. It is the opinion of the village's legal counsel that any liability to the village would be covered by insurance; therefore, no provision for any liability that may result is recorded in the accompanying financial statements. The district maintains commercial insurance coverage to reduce the risk of loss resulting from property damage or liability claims. There were no significant reductions in insurance coverage during the year ended December 31, 1999. There were no costs resulting from claims or judgments during the year ended December 31, 1999.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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. In consideration for the sponsorship and lease of property, COMCO agreed to pay a total of \$4,500 per month for the last nine months of the first year of the original term of the agreement. Total sponsorship and lease payments will total \$5,750 per month for the second year of the original term of the agreement and \$6,750 per month for the remaining three years of the original five year agreement. The agreement contains an option to extend the term of sponsorship and lease agreement for three additional five year terms. During 1998, the agreement with COMCO was amended for a \$500 per month increase in rent upon completion of a facility expansion. The village received \$73,500 in connection with the agreement for the year ended December 31, 1999.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 1999

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405, aldermen receive \$12.50 for each regular meeting and \$7.50 for each special meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in the summary schedule of prior year findings (Schedule 2).

CURRENT YEAR FINDINGS

The corrective action plan for current year findings is presented in Schedule 3.

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Compensation Paid Aldermen
For the Year Ended December 31, 1999

Loretta Green	\$350
Katherine Johnson	350
Leatrice Sullivan	<u>350</u>
Total	<u>\$1,050</u>

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 1999

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
Procedure 4	1998	The village paid an employee's immediate family member for repair services.	Yes	N/A
Procedure 7	1997	Actual General Fund expenditures exceeded budgeted expenditures by \$29,448 or 24%.	No	See Schedule 3.
Procedure 8 (b)	1998	One selected disbursement was not posted to the correct general ledger account.	Yes	N/A

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1999

<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	The village amended the General Fund budget in December 1999; however, actual General Fund expenditures exceeded budgeted expenditures by \$10,640 or 7%.	For 2000, actual expenditures will be compared to budgeted expenditures on a monthly basis and a budget amendment will be adopted when actual expenditures exceed budgeted expenditures by more than 5%.	Loretta Green, Mayor	December 31, 2000

See accountant's compilation 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 71225 • 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 of Epps' compliance with certain laws and regulations during the year ended December 31, 1999, 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. The sufficiency of these 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 \$15,000, 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 one disbursement exceeding \$15,000 for the purchase of fixed assets. This disbursement was made in accordance with the public bid law. There were no disbursements for public works exceeding \$100,000.

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.

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1999

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) were 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.

Management provided me with a copy of the original budget and the final amended budget for 1999.

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

I traced the adoption of the original budget to the minutes of a meeting held December 8, 1998. I traced the adoption of the final amended budget to the minutes of a meeting held December 13, 1999.

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

I compared the revenues and expenditures of the General Fund final amended budget to actual revenues and expenditures. Actual expenditures exceeded budgeted expenditures by \$10,640 or approximately 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;

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1999

I examined supporting documentation for the six selected disbursements and found that the payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

The six selected payments were properly posted to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated 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 village posted the agenda for meetings at the village hall at least 24 hours before the time of the meeting.

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 reviewed receipt listings supporting all deposit slips for the period under examination and noted no deposits that appeared to be proceeds of 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, advances, or gifts.

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1999

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 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. However, this report is a matter of public record and its distribution is not limited.



Calhoun, Louisiana
June 19, 2000

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
Certified Public Accountant
369 Donaldson Rd.
Calhoun, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Village of Epps of December 31, 1999 and for the year then ended, and 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 12-31-99.

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 that 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 39:43.

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 [] 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 [] No [] N/A []

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

Yes [] No [] N/A []

MEETINGS

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

Yes [] 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 [] 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 [] 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.

Loretta Green
Name

6-4-00
Date