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VILLAGE OF EPPES
Epps, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
And Approved Procedures Report
As of and For the Year Ended
December 31, 1997
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUL 20 1997

VILLAGE OF EFFS
Effs, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
And Agreed-Upon Procedures Report
As of and For the Year Ended
December 31, 1997
With Supplemental Information Schedules

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M. Carlton 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, 1997, 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 23, 1998, on the results of our agreed-upon procedures.



Calhoun, Louisiana
June 23, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF HEPPE
Hepe, Louisiana
ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1987

	GOVERNMENTAL FUND			ACCOUNT GROUP - GENERAL FUND - RESERVE	TOTAL (ARITHMETICAL SUM)
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	PROPRIETARY FUND TYPE - WATER AND SEWER ENTREPRENEUR FUND		
ASSETS					
Current assets:					
Cash	\$75,567	\$ 000	26,800		\$1,007
Receivables (net of allowance for doubtful accounts)	5,667		18,000		24,000
Due from General Fund			27,775		27,775
Total current assets	<u>81,234</u>	<u>000</u>	<u>52,575</u>	<u>None</u>	<u>164,474</u>
Restricted assets - cash and cash equivalents			29,284		29,284
Water system plant and equipment (net of accumulated depreciation)			1,056,148		1,056,148
Land, buildings, and equipment				500,000	500,000
TOTAL ASSETS	<u>161,184</u>	<u>\$ 000</u>	<u>11,116,299</u>	<u>350,000</u>	<u>11,658,683</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities payable from current assets:					
Accounts payable	\$1,192		\$1,208		\$2,400
Payroll taxes payable	188				188
Taxes not payable			500		500
Due to Water and Sewer Fund	20,775				20,775
Deferred revenues	1,100				1,100
Customer note deposits			9,500		9,500
Total current liabilities			<u>9,508</u>		<u>9,508</u>
Payable from current assets:	<u>50,500</u>	<u>None</u>	<u>11,134</u>	<u>None</u>	<u>41,434</u>
Current liabilities payable from restricted assets:					
Accrued interest payable			10,340		10,340
Revenue bonds payable			6,764		6,764
Total current liabilities payable from restricted assets:	<u>None</u>	<u>None</u>	<u>17,104</u>	<u>None</u>	<u>17,104</u>

(Continued)

See accompanying notes and accounts' comparative report.

RELEASE OF FUNDS

Epps, Louisiana

ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1997

	GOVERNMENTAL FUND		SEMI-AUTONOMOUS FUND TYPE - WATER AND SEWER INTERFUND FUND	ACCOUNT GROUP - GENERAL FUND ASSETS	TOTAL (DEFICIT/SURPLUS)
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECT FUND			
LIABILITIES AND FUND EQUITY (CONTRA):					
Long-term liabilities - revenue bonds payable			1,580,000		1,580,000
Total Liabilities	880,000	NONE	608,000	1,000	1,488,000
Fund Equity:					
Investment in general fund assets				501,000	501,000
Contributed capital less of accumulated depreciation in fund assets acquired with federal grant			517,000		517,000
Retained earnings:					
Reserved for bonds payable			1,000		1,000
Reserved for construction			10,750		10,750
Unreserved - unassigned			111,000		111,000
Total retained earnings (deficit)	10,000	NONE	122,750	1,000	133,750
Fund balance - unrestricted - unassigned	10,000	500	308,000	501,000	919,500
Total Fund Equity	10,000	500	308,000	501,000	1,227,500
TOTAL LIABILITIES AND FUND EQUITY	890,000	500	916,000	501,000	3,125,000

Continued

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, 1987

	GENERAL FUNDS	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUNDS	TOTAL MEMORANDUM FUNDS
REVENUES			
Taxes:			
Ad valorem taxes	54,713		54,713
Franchise	8,351		8,351
Occupational licenses	10,720		10,720
Intergovernmental revenues:			
Federal grant	6,200	\$14,489	20,689
State funds	8,061		8,061
Traffic fines	15,256		15,256
Use of money and property:			
Rent	16,780		16,780
Interest earnings	308		308
Other revenues	3,093		3,093
Total revenues	<u>14,332</u>	<u>14,489</u>	<u>28,821</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	21,380		21,380
Operating services	43,620		43,620
Materials and supplies	2,922		2,922
Capital outlay	6,675		6,675
Facilities acquisition and construction		14,489	14,489
Total expenditures	<u>74,607</u>	<u>14,489</u>	<u>89,096</u>

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF EPS

Epps, Louisiana

GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances, etc.

	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	TOTAL MEMORANDUM (000's)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(385)	NONE	(385)
OTHER FINANCING SOURCE - transfer from Water and Sewer Fund	4	NONE	4
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	(381)	NONE	(381)
FUND BALANCES AT BEGINNING OF YEAR	11,373	\$100	11,373
FUND BALANCES AT END OF YEAR	\$10,992	\$100	\$10,992

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF ETTA
 Etta, 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, 1997

	BUDGET	ACTUAL	VARIANCE (FAVORABLE) (UNFAVORABLE)
REVENUES			
Taxes:			
Ad valorem	54,000	54,713	\$713
Franchise	7,000	8,351	1,351
Occupational licenses	8,400	10,700	2,300
Intergovernmental:			
Federal grant		6,250	6,250
State funds	3,700	3,851	1,151
Traffic fines	9,500	13,256	3,756
Use of money and property:			
Rent	16,200	16,780	580
Interest earnings	200	208	8
Other revenue	8,300	3,091	(5,207)
Total revenues	<u>56,300</u>	<u>74,212</u>	<u>14,912</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	16,850	21,390	(4,440)
Operating services	46,100	43,820	2,280
Materials and supplies	3,150	2,825	425
Capital outlay	3,000	6,675	(3,675)
Total expenditures	<u>69,100</u>	<u>74,605</u>	<u>(5,505)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(10,100)	(385)	9,505
OTHER FINANCING SOURCE - transfer from			
Water and Sewer Fund	<u>None</u>	<u>4</u>	<u>4</u>

(Continued)

See accompanying notes and accountant's compilation report.

Statement C

VILLAGE OF IPPS
 Ipps, 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>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	(\$10,100)	(\$991)	\$9,109
FUND BALANCES AT BEGINNING OF YEAR	31,208	11,275	(19,932)
FUND BALANCES AT END OF YEAR	<u>\$21,108</u>	<u>\$10,284</u>	<u>(\$10,823)</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
For the Year Ended December 31, 1997

OPERATING REVENUES	
Water sales	\$54,822
Sewer sales	38,155
Fees/charges	9,741
Other operating revenues	1,708
Total operating revenues	<u>104,426</u>
OPERATING EXPENSES	
Salaries	18,246
Payroll taxes	2,999
Utilities	4,682
Repairs and maintenance	969
Insurance	4,779
Materials and supplies	6,372
Professional services	1,445
Telephone	318
Travel expense	221
Postage	810
Accounting	1,927
Depreciation	25,170
Other operating expenses	3,088
Total operating expenses	<u>93,579</u>
OPERATING INCOME	<u>10,847</u>
NON-OPERATING REVENUES (Expenses)	
Interest income	176
Ad valorem taxes	4,977
Transfer to General Fund	(49)
Interest expense	(28,579)
Net non-operating revenues (expenses)	<u>(23,575)</u>

(Continued)

See accompanying notes and accountant's compilation report.

Statement D

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)	(19,370)
Adjustment for depreciation on fixed assets acquired with federal grant	<u>19,370</u>
NET DECREASE IN RETAINED EARNINGS	(2,009)
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(6,927)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u><u>(8,936)</u></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 Cash Flow
For the Year Ended December 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	<u>58,354</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	25,370
Increase in accounts receivable	(7,000)
Decrease in prepaid insurance	1,575
Increase in due from other funds	(2,851)
Increase in customer deposits	250
Increase in taxes payable	48
Increase in accounts payable	808
Total adjustments	<u>18,097</u>
Net cash provided by operating activities	<u>76,451</u>
CASH FLOWS FROM CAPITAL AND	
RELATED FINANCING ACTIVITIES	
Principal and interest on long-term debt	(37,881)
Transfer to General Fund	10
Acquisition and construction of fixed assets	(144,635)
Proceeds from sewer system bonds	<u>163,160</u>
Net cash used by capital and related financing activities	<u>(119,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>336</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>5,441</u>
CASH AT BEGINNING OF YEAR	<u>80,117</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>85,558</u>

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, 1997

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Epps was incorporated under the provisions of the Louisiana Act in 1909. 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, 1998. The village has a Chief of Police and five 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.

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 criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has six tests criteria to be considered in determining financial accountability. This criteria includes:

1. Approving 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 general activities, including the collection and disbursement of specific or

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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 a grant from the United States Department of Housing and Urban Development, Division of Administration for the improvement of the village's wastewater treatment facility.

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 systems. 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.

D. BASIS OF ACCOUNTING

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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

All 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, all 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)

See accountant's compilation report.

VILLAGE OF 1975

Epps, Louisiana

Notes to the Financial Statements (Continued)

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recorded when the underlying events occur.

The Water and Sewer Enterprise Fund is accounted for as 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 expenditures. 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. FIXED ASSETS

See accountant's compilation report.

VILLAGE OF EFPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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 inseparable 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

II. LONG-TERM DEBT

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

I. 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 not carry over or accumulate vacation leave. 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.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

J. RESTRICTED ASSETS

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

K. 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.

L. TOTAL COLUMNS ON THE COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only 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.

M. CASH AND CASH EQUIVALENTS

At December 31, 1997, the village has cash and cash equivalents (bank balances) totaling \$71,251, as follows:

Cash on hand	\$12,285
Demand deposits	33,801
Certificates of deposit	<u>25,165</u>
Total	<u>\$71,251</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, 1997, total \$65,285.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

and are fully secured by federal deposit insurance.

3. BUDGETED EXPENDITURES

For the year ended December 31, 1997, the General Fund's actual expenditures exceeded budgeted expenditures by \$5,207 or 7.5%.

4. LEVIED TAXES

For the year ended December 31, 1997, ad valorem tax millages levied by the village were 5.50 for the General Fund and 5.73 for the Water and Sewer Enterprise Fund.

The following are the principal taxpayers for the village and their 1997 assessed valuation:

	Assessed Valuation	Percent of Total Assessed Valuation
BellSouth Telecommunications	\$114,810	94.49
Elah Farms, Inc.	32,790	4.34
Andy P. and Tracy E. Davis	23,500	2.97
Peter and Mary Cheswick, Jr.	22,500	2.85
Louisiana Gas Service Co.	13,700	1.73
Energy Louisiana, Inc.	13,400	1.70
Robert L. Wolf	9,150	1.16
C.L. Miller	8,400	1.06
Epps Feed and Seed	8,400	1.06
Earl K. Nimbary	8,200	1.04
Total	<u>\$254,870</u>	<u>32.20</u>

8. RECEIVABLES

The following is a summary of receivables at December 31, 1997:

See accountant's compilation report.

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

	General	Water and Sewer Enterprise	Total
	Fund	Fund	
Taxes:			
Ad valorem	\$1,328	\$1,679	\$3,407
Franchise	2,177		2,177
Intergovernmental assistance	731		731
Other	581		581
Accounts		18,837	18,837
Allowance for doubtful accounts		(1,424)	(1,424)
Total	<u>\$5,617</u>	<u>\$19,092</u>	<u>\$24,709</u>

6. FIXED ASSETS

The following presents changes in general fixed assets for the year ended December 31, 1987:

	Land and Buildings	Furniture and Equipment	Total
Balance, January 1, 1987	\$426,039	\$13,056	\$439,095
Additions	38,000	6,673	44,673
Retirements	NOONE	NOONE	NOONE
Balance, December 31, 1987	<u>\$464,039</u>	<u>\$19,729</u>	<u>\$483,768</u>

Included in additions, is property that was donated to the village during the year ended December 31, 1987. The fair market value of the property on the date it was received by the village was \$38,000.

A summary of proprietary fund type property, plants, and equipment at December 31, 1987, follows:

	Book	Accumulated Depreciation	Net Book Value
Water and sewer system	\$723,867	(339,769)	\$384,097
Sewer addition	644,317	(7,159)	637,158
Buildings	1,669	(1,669)	NOONE

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

	<u>Basis</u>	<u>Accumulated Depreciations</u>	<u>Net Book Value</u>
Equipment	<u>\$22,804</u>	<u>(813,111)</u>	<u>\$7,693</u>
Total	<u>\$8,387,272</u>	<u>(8263,124)</u>	<u>\$1,094,148</u>

7. PENSION PLAN

The employees of the village are members of the Social Security System. In addition to the employer 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.

8. REVENUE BONDS PAYABLE

The liability for revenue bonds at December 31, 1997 includes the following:

Water Revenue Bonds sold by the village in 1988 in the amount of \$217,000 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 3, 2028 and are made solely from revenues derived from operation of the water system.

The village authorized the issuance of \$358,000 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 \$29,238 are due through May 22, 2034 and are made solely from revenues derived from operation of the sewer system.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1997:

See accountant's compilation report.

VILLAGE OF IPPS

Ipps, Louisiana

Notes to the Financial Statements (Continued)

	1988 Water Revenue Bonds	1990 Sewer Revenue Bonds	Total
Revenue bonds payable at January 1, 1997	\$235,561	\$197,640	\$433,201
Additions		161,160	161,160
Retirements	(2,164)	(3,572)	(5,736)
Revenue bonds payable at December 31, 1997	<u>\$233,397</u>	<u>\$353,228</u>	<u>\$586,625</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 1997, including interest of \$694,643 are as follows:

Year	
1998	\$36,297
1999	36,297
2000	36,297
2001	36,297
2002	36,297
2003 - 2007	181,484
2008 - 2012	181,484
2013 - 2017	181,484
2018 - 2022	181,484
2023 - 2027	181,484
2028 - 2032	114,530
2033 - 2036	78,213
Total	<u>\$1,783,648</u>

9. 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, 1985, 1996, and 1997, the village received a total of \$310,460 in grant funds from the United States Department of Housing and Urban Development to finance approximately 48 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.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

lands. At December 31, 1997, accumulated depreciation on these assets is \$98,433.

10. DEFICIT IN RETAINED EARNINGS

At December 31, 1997, the Water and Sewer Enterprise Fund had a deficit in unreserved-designated retained earnings in the amount of \$21,510. The village anticipates eliminating the deficit by an increase in revenues resulting from a 1998 sewer rate increase.

11. 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 5 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 \$16,750 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 \$60 into this fund each month. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and alterations 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 1985 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 \$80 into this fund each month until \$19,558 has been accumulated therein. Such amounts may be used only for the

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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, 1997 the district has \$18,545, in restricted accounts to meet reserve requirements. Of that amount, \$18,784, is offset by current liabilities, with the remaining \$1,841 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, 1997:

Reserve for revenue bonds payable at January 1, 1997	\$16,600
Deposits	18,450
Interest earnings	261
Loan payment	<u>116,759</u>
Reserve for bonds payable at December 31, 1997	<u>\$18,545</u>

12. LITIGATION AND CLAIMS

The village is involved in one lawsuit at December 31, 1997. 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, 1997. There were no costs resulting from claims or judgments during the year ended December 31, 1997.

14. OPERATING AGREEMENT

In September 1986, the village entered into an agreement with Construction 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

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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. The village received \$13,500 in connection with the agreement for the year ended December 31, 1997.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

VILLAGE OF ELYS
Elys, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 1997

COMPENSATION PAID ALDERMEN

The schedule of compensation paid aldermen is prepared 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 AUDIT FINDINGS

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

CURRENT YEAR FINDINGS

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

VILLAGE OF EPPS
Epps, Louisiana

Schedule I

Schedule of Compensation Paid Aldermen
For the Year Ended December 31, 1997

John Chevalot P.O. Box 743 Epps, La 71237	\$157
Katherine Johnson P.O. Box 185 Epps, La 71237	157
Lynnie Foley P.O. Box 93 Epps, La 71237	<u>157</u>
Total	<u>\$471</u>

See accountant's compilation report.

VILLAGE OF 1998
Epps, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1997

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Actions Taken	Planned Corrective Actions
Compliance	1996	Noncompliance with Local Government Budget Act - estimated expenditures exceeded estimated funds available; actual General Fund revenues failed to meet budgeted revenues by more than 5%; the budget was not adopted prior to January 1, 1997.	Yes	N/A
Compliance	1995	Property taxes should be expended in accordance with tax proposition.	Partial	During the year ended December 31, 1997, the General Fund repaid the Water and Sewer Inspection Fund \$3,000 for property taxes deposited in the General Fund in error. In February 1998, the General Fund repaid an additional \$10,000. The remaining amount due will be repaid as funds become available.

(Continued)

See accountant's completion report.

VILLAGE OF EPPS
 Epps, Louisiana
 Summary Schedule of Prior Audit Findings
 For the Year Ended December 31, 1997

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
Management Letter	1996	Federal financial reports should agree to program budgets.	Yes	N/A
Management Letter	1996	Loan to employee in violation of Article T Section 14 of the Louisiana Constitution.	Yes	N/A

(Concluded)

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1997

<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 4	The village paid the spouse of an employee as a contract laborer.	The individual was hired because of an emergency situation. For several days, the village searched for someone else to perform the work but was unable to locate anyone. In the future, the village will not enter into any transactions with a member of an employee's immediate family.	J. David Jones, Mayor	N/A
Procedure 7	Actual General Fund expenditures exceeded budgeted expenditures by \$5,207 or 7.5%.	For 1998, a budget amendment will be adopted when actual expenditures exceed budgeted expenditures by more than 5%.	J. David Jones, Mayor	December 31, 1998

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 Alternative Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carlton Thomas
CERTIFIED PUBLIC ACCOUNTANT

304 HUNTERDON ROAD • CALIBRIOL, LOUISIANA 70225 • TELEPHONE: 318/644-5714

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

**MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPA
Eppa, 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 Eppa and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Eppa's compliance with certain laws and regulations during the year ended December 31, 1993, included in the accompanying Louisiana Alternative 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 \$5,000, or public works exceeding \$50,000, 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 \$5,000. Disbursements for public works exceeding \$50,000, made during the year were made in accordance with the public bid law.

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 Iquo
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1997

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.

The village paid the spouse of an employee \$100 as a contract laborer during the year ended December 31, 1997.

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 1997.

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 16, 1996. I traced the adoption of the final amended budget to the minutes of a meeting held December 8, 1997.

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 \$5,207, or approximately 7.5%.

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1997

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;

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 coded 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 inspected copies of all deposit slips for the period under examination and noted deposits totaling \$164,180 which were proceeds of the 1990 Sewer Revenue Bonds.

Advances and Refuses

11. Examine payroll records and minutes for the year to determine whether any payments have been

Village of Ipps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1997

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.

The accompanying schedule of prior audit findings provides details on the actions taken by management with regards to the findings reported in my prior year audit report dated June 25, 1997.

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 Ipps 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.



Charles D. Jones
Caldwell, Louisiana
June 25, 1998

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. Clarke Dumas
Certified Public Accountant
399 Donaldson Rd.
Culver, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Village of Epps of December 31, 1990 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 _____.

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 50:1501-14) or the budget requirements of LSA-RS 50:43.

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 35 of the 1994 Louisiana Constitution, and LSA-RS 33:1410.60 - 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 96 of the 1974 Louisiana Constitution, LSA-RS 44:138, and AGO opinions 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.



John D. Jones
Name

6-8-98
Date