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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, 1998
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 JUN 7 6 1999

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, 1998
With Supplemental Information Schedules

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Epps, Louisiana
Contents, December 31, 1998

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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, 1998, 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 May 28, 1999, on the results of my agreed-upon procedures.

Carleen Dumas
Calhoun, Louisiana
May 28, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

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

Combined Balance Sheet, December 31, 1998

	GOVERNMENTAL FUND TYPE.....			PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND				
ASSETS						
Current assets:						
Cash and cash equivalents	\$51,589	\$200		\$24,733		\$76,522
Receivables (net of allowance for doubtful accounts)	4,979			18,402		23,381
Due from other funds	3,719					3,719
Total current assets	<u>60,287</u>	<u>200</u>		<u>43,135</u>	NONE	<u>103,622</u>
Restricted assets - cash and cash equivalents				31,784		31,784
Water system plant and equipment (net of accumulated depreciation)				993,766		993,766
Buildings and equipment					\$521,776	521,776
TOTAL ASSETS	<u><u>\$60,287</u></u>	<u><u>\$200</u></u>		<u><u>\$1,068,685</u></u>	<u><u>\$521,776</u></u>	<u><u>\$1,650,948</u></u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities payable from current assets):						
Accounts payable	\$3,209			\$1,256		\$4,465
Payroll taxes payable	235			144		379
Sales tax payable				528		528
Due to other funds		\$100		3,619		3,719
Deferred revenue	107					107
Customer meter deposits				9,104		9,104
Total current liabilities (payable from current assets)	<u>3,551</u>	<u>100</u>		<u>14,651</u>	NONE	<u>18,302</u>
Current liabilities (payable from restricted assets):						
Accrued interest payable				10,234		10,234
Revenue bonds payable				7,602		7,602
Total current liabilities (payable from restricted assets)	<u>NONE</u>	<u>NONE</u>		<u>17,836</u>	NONE	<u>17,836</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, 1998

	GOVERNMENTAL FUND TYPE.....		PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND			
LIABILITIES AND FUND EQUITY (CONTD.):					
Long-term liabilities - revenue bonds payable			\$552,856		\$552,856
Total Liabilities	\$3,551	\$100	585,343	NONE	588,994
Fund Equity:					
Investment in general fixed assets				\$521,776	521,776
Contributed capital (net of accumulated depreciation on fixed assets acquired with federal grant			496,741		496,741
Retained earnings:					
Reserved for bonds payable			5,509		5,509
Reserved for construction			8,439		8,439
Unreserved - undesignated			(27,347)		(27,347)
Total retained earnings	NONE	NONE	(13,399)	NONE	(13,399)
Fund balance - unreserved - undesignated	56,736	100			56,836
Total Fund Equity	56,736	100	483,342	521,776	1,061,954
TOTAL LIABILITIES AND FUND EQUITY	\$60,287	\$200	\$1,068,685	\$521,776	\$1,650,948

(Concluded)

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, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes:			
Ad valorem	\$4,000		(\$4,000)
Franchise	7,500	\$8,826	1,326
Occupational licenses	11,200	11,281	81
Intergovernmental:			
Federal grant		33,473	33,473
State funds	12,125	20,843	8,718
Traffic fines	34,000	37,784	3,784
Use of money and property:			
Rent	8,000	62,850	54,850
Interest earnings	300	205	(95)
Other revenues	27,500	4,015	(23,485)
Total revenues	<u>104,625</u>	<u>179,277</u>	<u>74,652</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	33,000	38,610	(5,610)
Operating services	77,825	69,555	8,270
Materials and supplies	6,850	7,566	(716)
Capital outlay	6,300	37,692	(31,392)
Total expenditures	<u>123,975</u>	<u>153,423</u>	<u>(29,448)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(19,350)	25,854	45,204
OTHER FINANCING SOURCES -			
sale of fixed assets	<u>NONE</u>	<u>20,000</u>	<u>20,000</u>

(Continued)

See accompanying notes and accountant's compilation report.

Statement B

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>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(\$19,350)	\$45,854	\$65,204
FUND BALANCES AT BEGINNING OF YEAR	<u>35,567</u>	<u>10,882</u>	<u>(24,685)</u>
FUND BALANCES AT END OF YEAR	<u>\$16,217</u>	<u>\$56,736</u>	<u>\$40,519</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, 1998

OPERATING REVENUES	
Water sales	\$69,280
Sewer sales	47,534
Penalties	4,771
Total operating income	121,585
OPERATING EXPENSES	
Salaries	42,893
Payroll taxes	3,297
Utilities	9,063
Repairs and maintenance	3,439
Insurance	8,080
Materials and supplies	6,063
Professional services	752
Telephone	796
Truck expense	1,033
Postage	923
Accounting	1,500
Depreciation	40,382
Other operating expenses	4,943
Total operating expenses	123,164
OPERATING INCOME (Loss)	(1,579)
NON-OPERATING REVENUES (Expenses)	
Interest income	512
Ad valorem taxes	5,932
Interest expense	(29,623)
Net non-operating revenues (expenses)	(23,179)

(Continued)

See accompanying notes and accountant's compilation report.

Statement C

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)	(\$24,758)
Adjustment for depreciation on fixed assets acquired with federal grant	<u>20,289</u>
NET DECREASE IN RETAINED EARNINGS	(4,469)
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(8,930)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u><u>(\$13,399)</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, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	<u>(\$1,579)</u>
Adjustments to Reconcile Operating Income to Net Cash	
<i>Provided (Used) by Operating Activities:</i>	
Depreciation	40,382
Decrease in accounts receivable	921
Decrease in due from other funds	27,775
Increase in due to other funds	3,619
Decrease in customer deposits	(200)
Increase in taxes payable	140
Decrease in accounts payable	(42)
Total adjustments	<u>72,595</u>
Net cash provided by operating activities	<u>71,016</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on long-term debt	(26,568)
Interest paid on long-term debt	(29,729)
Ad valorem taxes	5,702
Net cash used by capital and related financing activities	<u>(50,595)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	<u>512</u>
-------------------	------------

NET INCREASE IN CASH AND CASH EQUIVALENTS	20,933
--	--------

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>35,584</u>
---	---------------

CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$56,517</u></u>
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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, 1998

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.

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 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 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.

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

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)

Proceeds from the sale of general fixed assets are accounted for as other financing sources (uses) and are recorded when the underlying events occur.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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. 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

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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

H. 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 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.

J. RESTRICTED ASSETS

Certain resources of the Water and Sewer Enterprise Fund set aside for the repayment of revenue bonds and for construction expenses are classified as restricted

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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 COLUMN ON THE
COMBINED BALANCE SHEET**

The total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does 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, 1998, the village has cash and cash equivalents (book balances) totaling \$108,306, as follows:

Cash on hand	\$24,231
Demand deposits	56,597
Certificates of deposit	<u>27,478</u>
Total	<u><u>\$108,306</u></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, 1998, total \$93,968, and are fully secured by federal deposit insurance.

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

3. BUDGETED EXPENDITURES

For the year ended December 31, 1998, the General Fund's actual expenditures exceeded budgeted expenditures by \$29,448 or 24%.

4. LEVIED TAXES

For the year ended December 31, 1998, ad valorem tax millages levied by the village were 5.84 for the Water and Sewer Enterprise Fund.

The following are the principal taxpayers for the village and their 1998 assessed valuation:

	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Comco L.L.C.	\$188,680	18.58
Bellsouth Telecommunications	111,840	11.01
Elah Farms, Inc.	32,850	3.23
Andy P. and Troy K. Davis	25,750	2.54
Peter and Mary Chouccoli, Jr.	23,830	2.35
Louisiana Gas Service Co.	14,180	1.40
Entergy Louisiana, Inc.	13,290	1.31
Robert L. Wolf	10,150	1.00
C.L. Miller	8,400	.83
Epps Feed and Seed	8,400	.83
Total	<u>\$437,370</u>	<u>43.06</u>

5. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

See accountant's compilation report.

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

	General Fund	Water and Sewer Enterprise Fund	Total
Taxes:			
Ad valorem		\$230	\$230
Franchise	\$2,112		2,112
Intergovernmental revenue	2,867		2,867
Accounts		19,596	19,596
Allowance for doubtful accounts		(1,424)	(1,424)
Total	<u>\$4,979</u>	<u>\$18,402</u>	<u>\$23,381</u>

6. DUE TO/FROM OTHER FUNDS

The following is a summary of due to/from other funds at December 31, 1998:

	Due From	Due To
General Fund	\$3,719	
LCDBG Capital Projects Fund		100
Water and Sewer Enterprise Fund		3,619
Total	<u>\$3,719</u>	<u>\$3,719</u>

7. FIXED ASSETS

The following presents changes in general fixed assets for the year ended December 31, 1998:

	Land and Buildings	Furniture and Equipment	Total
Balance, January 1, 1998	\$474,039	\$27,766	\$501,805
Additions		37,692	37,692
Retirements	(10,000)	(7,721)	(17,721)
Balance, December 31, 1998	<u>\$464,039</u>	<u>\$57,737</u>	<u>\$521,776</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, 1998, follows:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water and sewer system	\$729,062	(\$357,865)	\$371,197
Sewer addition	644,317	(28,636)	615,681
Buildings	1,089	(1,089)	NONE
Equipment	\$22,804	(\$15,916)	\$6,888
Total	<u>\$1,397,272</u>	<u>(\$403,506)</u>	<u>\$993,766</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, 1998 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, 2035 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, 1998:

	1988 Water Revenue Bonds	1996 Sewer Revenue Bonds	Total
Revenue bonds payable at January 1, 1998	\$233,398	\$353,628	\$587,026
Additions			
Retirements	<u>(2,758)</u>	<u>(23,810)</u>	<u>(26,568)</u>
Revenue bonds payable at December 31, 1998	<u>\$230,640</u>	<u>\$329,818</u>	<u>\$560,458</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 1998, including interest of \$665,356, are as follows:

Year	
1999	\$36,297
2000	36,297
2001	36,297
2002	36,297
2003	36,297
2004 - 2008	181,484
2009 - 2013	181,484
2014 - 2018	181,484
2019 - 2023	181,484
2024 - 2028	181,484
2029 - 2033	97,792
2034 - 2035	39,117
Total	<u>\$1,225,814</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, 1998, accumulated depreciation on these assets is \$106,720.

11. DEFICIT IN RETAINED EARNINGS

At December 31, 1998, the Water and Sewer Enterprise Fund had a deficit in unreserved-undesignated retained earnings in the amount of \$27,347. The village will eliminate the deficit by an increase in revenues resulting from a 1996 sewer rate increase.

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 Administration for the 1996 Sewer Revenue Bonds discussed in note 8 above, require the village to

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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, 1998 the district has \$23,345, in restricted accounts to meet reserve requirements. Of that amount, \$17,836 is offset by current liabilities, with the remaining \$5,509 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, 1998:

Reserve for revenue bonds payable at January 1, 1998	\$18,545
Deposits	19,173
Interest earnings	512
Loan payment	<u>(14,885)</u>
Reserve for bonds payable at December 31, 1998	<u>\$23,345</u>

13. LITIGATION AND CLAIMS

The village is involved in one lawsuit at December 31, 1998. 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, 1998. There were no costs resulting from claims or judgments during the year ended December 31, 1998.

14. OPERATING AGREEMENT

In September 1996, the village entered into an agreement with Correctional Operations

See accountant's compilation report.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

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 \$61,000 in connection with the agreement for the year ended December 31, 1998.

15. YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the village's operations in the year 1999 and beyond. The village is aware of the Year 2000 issue and expects to have its computer systems compliant by the end of 1999. However, there is no assurance that the systems of other governmental agencies or companies on which the village relies will be timely converted or that any such failure to convert by a governmental agency or other company would not have an adverse effect on the village's operations.

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, 1998

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, 1998

John Chestnut P.O. Box 743 Epps, La 71237	\$157
Katherine Johnson P.O. Box 185 Epps, La 71237	165
Lennie Raley P.O. Box 95 Epps, La 71237	<u>172</u>
Total	<u><u>\$494</u></u>

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 1998

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
Procedure 4	1997	The village paid the spouse of an employee as a contract laborer.	Yes	N/A
Procedure 7	1997	Actual General Fund expenditures exceeded budgeted expenditures by \$5,207 or 7.5%.	No	See Schedule 3.

See accountant's compilation report.

VILLAGE OF EPPS
Epps, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1998

<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 an employee's immediate family member for repair services.	The village will not enter into any transactions with any member of an employees immediate family.	J. David Jones, Mayor	June 30, 1999
Procedure 7	The village amended the General Fund budget in December 1998; however, actual General Fund expenditures exceeded budgeted expenditures by \$29,448 or 24%.	For 1999, 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%.	J. David Jones, Mayor	December 31, 1999
Procedure 8(b)	One selected disbursement was not posted to the correct general ledger account.	The village changed outside bookkeepers for 1999 and the clerk will review general ledger postings to ensure that disbursements are posted to the correct general ledger account.	J. David Jones, Mayor	December 31, 1999

**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, 1998, 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.

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, 1998

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 father of an employee \$50 for repairs during the year ended December 31, 1998.

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 1998.

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, 1997. I traced the adoption of the final amended budget to the minutes of a meeting held December 8, 1998.

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. The village amended the General Fund budget in December 1998; however, actual expenditures exceeded budgeted expenditures by \$29,448, or approximately 24%.

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1998

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;

One of the six selected payments was not properly posted to the correct fund and general ledger account. The disbursement was properly coded by the clerk but was incorrectly posted by the outside accountant.

(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.

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1998

Advances and Bonuses

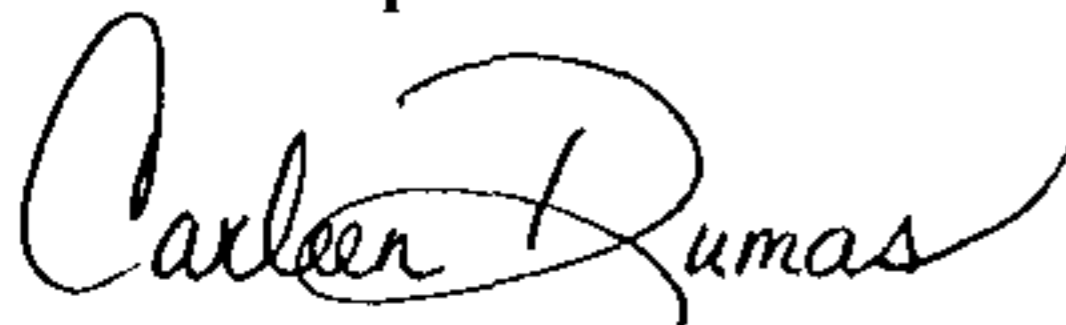
11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

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.

The accompanying schedule of prior year findings provides details on the actions taken by management with regards to the findings reported in my prior year compilation/attestation report dated June 23, 1998.

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
May 28, 1999

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, 1998 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 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 []

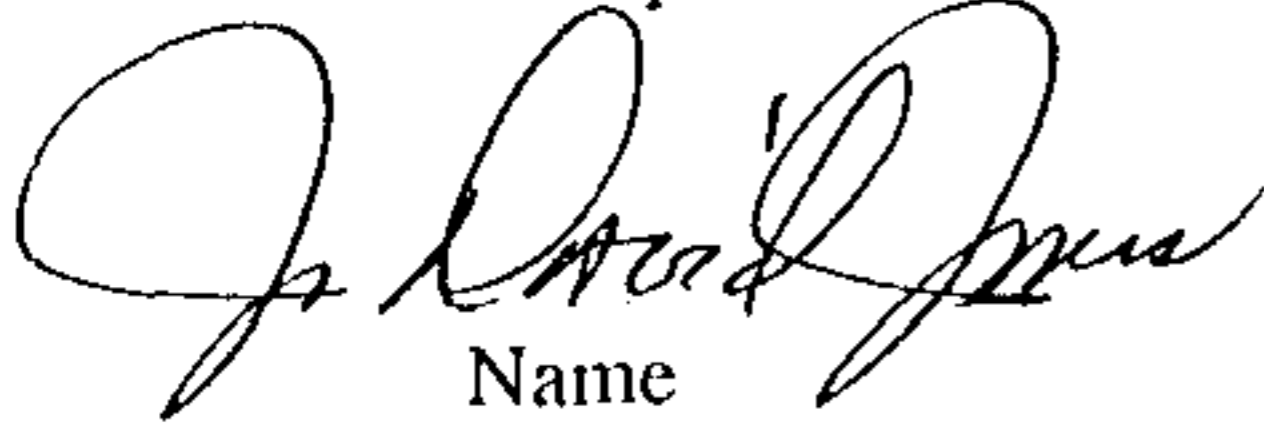
ADVANCES AND BONUSES

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.

A handwritten signature in cursive script, appearing to read "J. David Jones".

Name

4/23/99
Date