

VILLAGE OF EPPS
Epps, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2011

VILLAGE OF EPPS
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Annual Financial Statements

As of and for the Year Ended December 31, 2011

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Epps, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2011

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Independent Accountant's Review Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Epps (the "Village), as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management of the Village is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

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

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

The management's discussion and analysis on pages 5 through 8 and the budgetary comparison information on page 23 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). The status of prior year findings and current year findings and corrective action plan on pages 37 and 38, are not a required part of the basic financial statements but are supplementary information required by the Louisiana Governmental Audit Guide. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 27, 2012 on the results of my agreed-upon procedures.

/s Carleen Dumas
Calhoun, Louisiana
June 27, 2012

VILLAGE OF EPPS
Epps, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Our discussion and analysis of Village of Epps' (hereafter referred to as the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the Village's basic financial statements.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

Reporting the Village's Funds - Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds. The General Fund is the operating fund of the Village and accounts for all of the financial resources of the general government. The LCDBG Capital Projects Fund was required to be established by the federal grantor. The Water and Sewer Enterprise Fund was established by the Village to help it control and manage money for particular purposes. The Village's two kinds of funds - governmental and business-type funds use different accounting methods.

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

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

COMPARATIVE ANALYSIS OF FINANCIAL DATA

The Village's total net assets decreased by \$128,308 during 2011. The decrease in net assets is primarily due to depreciation on capital assets totaling \$142,621. The following presents an analysis of net assets and changes in net assets of the Village's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2011	2010	2011	2010	2011	2010
Assets						
Current assets	\$26,662	\$22,351	\$47,285	\$51,558	\$73,947	\$73,909
Restricted assets			45,225	41,606	45,225	41,606
Capital assets	531,381	570,450	1,394,351	1,497,903	1,925,732	2,068,353
Total assets	558,043	592,801	1,486,861	1,591,067	2,044,904	2,183,868
Liabilities						
Current liabilities	96,086	86,874	39,444	38,475	135,530	125,349
Long-term liabilities			277,981	298,818	277,981	298,818
Total liabilities	96,086	86,874	317,425	337,293	413,511	424,167
Net Assets						
Invested in capital assets, net of related debt	531,381	570,450	1,096,144	1,179,845	1,627,525	1,750,295
Restricted			45,225	41,606	45,225	41,606
Unrestricted (deficit)	(69,424)	(64,523)	28,067	32,323	(41,357)	(32,200)
Total net assets	461,957	505,927	1,169,436	1,253,774	1,631,393	1,759,701

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2011	2010	2011	2010	2011	2010
Program revenues						
Charges for services	\$204,100	\$186,915	\$168,252	\$137,543	\$372,352	\$324,458
Operating grant	41,922	29,893		18,456	41,922	48,349
Capital grants		167,327				167,327
General revenues						
Franchise taxes	13,318	15,459			13,318	15,459
Investment earnings			151	137	151	137

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2011	2010	2011	2010	2011	2010
Other	\$3,279	\$2,938			\$3,279	\$2,938
Special item - gain on sale of fixed assets		4,857				4,857
Special item - donated land		220,000				220,000
Transfers	<u>33,855</u>	<u>(107,965)</u>	<u>(33,855)</u>	<u>107,965</u>		
Total revenue, special items, and transfers	<u>296,474</u>	<u>519,424</u>	<u>134,548</u>	<u>264,101</u>	<u>431,022</u>	<u>783,525</u>
Program expenses						
General government	340,444	380,062			340,444	380,062
Water and sewer			218,886	203,037	218,886	203,037
Total expenses	<u>340,444</u>	<u>380,062</u>	<u>218,886</u>	<u>203,037</u>	<u>559,330</u>	<u>583,099</u>
Change in net assets	(43,970)	139,362	(84,338)	61,064	(128,308)	200,426
Net assets - beginning	<u>505,927</u>	<u>366,565</u>	<u>1,253,774</u>	<u>1,192,710</u>	<u>1,759,701</u>	<u>1,559,275</u>
Net assets - ending	<u>\$461,957</u>	<u>\$505,927</u>	<u>\$1,169,436</u>	<u>\$1,253,774</u>	<u>\$1,631,393</u>	<u>\$1,759,701</u>

The Village's total revenues, special items and transfers decreased \$352,503 due to decreases in federal and local grant funds and donated land valued at \$220,000 that was received in 2010. Total expenses decreased \$23,769 due primarily to decreases in repairs and maintenance.

Governmental Funds

Total revenue, special items, and transfers for governmental activities decreased \$222,950 from revenues, special items, and transfers of the prior year due to the Village receiving donated land valued at \$220,000 during 2010. The expenses of the governmental activities decreased \$39,618 from expenses of the prior year due primarily to decreases in insurance and utilities paid from the governmental funds.

Business-Type Activities

The Village's charges for services for its business-type activities increased \$30,709 from the prior year due to water and sewer rate increases during 2011. Total expenses increased \$15,849 primarily due to an increase in insurance and utilities paid from the business-type activities fund.

OVERALL FINANCIAL POSITION

The Village's net assets decreased \$128,308 as a result of this year's operations. The business-type activities had a decrease in net assets of \$84,338 and the governmental activities had a decrease of \$43,970. Unrestricted net assets (those assets available to finance the daily operations of the Village) were a \$41,357 deficit at year end. Assets restricted for debt service were \$45,225 at year end. The amount invested in capital assets, net of related debt, was \$1,627,525 at year end.

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported a deficit fund balance of \$72,573. The decrease in fund balance for 2011 was \$4,901. The Water and Sewer Enterprise Fund reported net assets of \$1,169,436 at year end. The decrease in net assets was \$84,338 for 2011. The LCDBG Capital Projects Fund reported a fund balance of \$3,149 at year end. There was no activity in the LCDBG Capital Projects Fund during 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend its General Fund budget during 2011. At year end, actual revenues and other financing sources were \$44,126 less than budgeted revenues and other financing sources and actual expenditures were \$38,725 less than budgeted expenditures. The Village prepares its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the Village had capital assets (net of accumulated depreciation) totaling \$1,925,732. Capital assets include land, buildings, the water and sewer systems and improvements, and vehicles and equipment, costing \$1,000 or more. The Village has elected not to report major general infrastructure assets such as roads, bridges, sidewalks, etc., that were purchased or constructed prior to January 1, 2002.

There were no additions to capital assets during 2011. The Village sold a vehicle with no book value for \$2,300 during 2011. Additional information about the Village's capital assets is presented in the notes to the financial statements.

Debt

At year end the Village had \$298,207 in outstanding revenue bonds payable. Additional information about the Village's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village prepared its 2012 General Fund budget on the assumption that revenues and other financing sources will increase approximately \$13,000 and expenditures will remain approximately the same as 2011 amounts. The increase in revenues is due to a 7.23 mill property tax that was levied in 2011 for 2012. The Village expects the Water and Sewer Enterprise Fund's 2012 revenues to increase approximately \$12,000 due to an increase in sewer fees implemented in May 2011 and expenses of the Water and Sewer Enterprise Fund are anticipated to be approximately the same as 2011 amounts.

BASIC FINANCIAL STATEMENTS

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF NET ASSETS
December 31, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$8,420	\$22,837	\$31,257
Receivables (net of allowances for uncollectibles)	18,242	24,448	42,690
Restricted assets - certificates of deposit		45,225	45,225
Capital assets (net)	531,381	1,394,351	1,925,732
	<u>558,043</u>	<u>1,486,861</u>	<u>2,044,904</u>
LIABILITIES			
Accounts payable	34,359	4,041	38,400
Accrued payroll liabilities	49,045		49,045
Deferred revenue	12,682		12,682
Customer deposits		7,308	7,308
Accrued interest payable		7,869	7,869
Long-term liabilities:			
Due within one year		20,226	20,226
Due in more than one year		277,981	277,981
	<u>96,086</u>	<u>317,425</u>	<u>413,511</u>
NET ASSETS			
Invested in capital assets, net of related debt	531,381	1,096,144	1,627,525
Restricted for debt service		45,225	45,225
Unrestricted (deficit)	(69,424)	28,067	(41,357)
	<u>\$461,957</u>	<u>\$1,169,436</u>	<u>\$1,631,393</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

	...Program Revenues... Charges		Net (Expense) Revenue andChanges in Net Assets.....		
	for	Operating	Governmental	Business-	
Expenses	Services	Grants	Activities	Type Activities	Total
GOVERNMENTAL ACTIVITIES:					
General government	\$340,444	\$204,100	\$41,922	(\$94,422)	(\$94,422)
BUSINESS-TYPE ACTIVITIES:					
Water and sewer service	218,886	168,252		(\$50,634)	(50,634)
Total government	<u>\$559,330</u>	<u>\$372,352</u>	<u>\$41,922</u>	<u>(94,422)</u>	<u>(145,056)</u>
GENERAL REVENUES AND TRANSFERS					
General revenues:					
Franchise taxes			13,318		13,318
Investment earnings				151	151
Other revenues			3,279		3,279
Transfers			33,855	(33,855)	
Total general revenues and transfers			<u>50,452</u>	<u>(33,704)</u>	<u>16,748</u>
CHANGE IN NET ASSETS			<u>(43,970)</u>	<u>(84,338)</u>	<u>(128,308)</u>
NET ASSETS - BEGINNING			<u>505,927</u>	<u>1,253,774</u>	<u>1,759,701</u>
NET ASSETS - ENDING			<u>\$461,957</u>	<u>\$1,169,436</u>	<u>\$1,631,393</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011

	General Fund	LCDBG Capital Projects	Total Governmental Funds
ASSETS			
Cash	\$5,071	\$3,349	\$8,420
Receivables	18,242		18,242
Due from other funds	200		200
TOTAL ASSETS	<u>\$23,513</u>	<u>\$3,349</u>	<u>\$26,862</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$34,359		\$34,359
Accrued payroll liabilities	49,045		49,045
Deferred revenue	12,682		12,682
Due to other funds		200	200
Total liabilities	<u>96,086</u>	<u>200</u>	<u>96,286</u>
Fund balance:			
Restricted		3,149	3,149
Unassigned (deficit)	<u>(72,573)</u>		<u>(72,573)</u>
Total fund balance	<u>(72,573)</u>	<u>3,149</u>	<u>(69,424)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$23,513</u>	<u>\$3,349</u>	<u>\$26,862</u>

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

Total fund balances - Governmental Funds	(\$69,424)
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	531,381
Net assets of governmental activities (Statement A)	<u>\$461,957</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Franchise taxes	\$13,318		\$13,318
Licenses and permits	18,579		18,579
Intergovernmental revenue - state grants	40,922		40,922
Local grants	1,000		1,000
Fines	48,746		48,746
Rent	134,585		134,585
Mowing	2,190		2,190
Other revenues	3,279		3,279
Total revenues	<u>262,619</u>	<u>NONE</u>	<u>262,619</u>
EXPENDITURES			
General government:			
Personal services	239,416		239,416
Operating services	50,805		50,805
Materials and supplies	8,976		8,976
Travel and other	2,178		2,178
Total expenditures	<u>301,375</u>	<u>NONE</u>	<u>301,375</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(38,756)	NONE	(38,756)
OTHER FINANCING SOURCES - operating transfer in	<u>33,855</u>		<u>33,855</u>
NET CHANGE IN FUND BALANCES	(4,901)	NONE	(4,901)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>(67,672)</u>	<u>3,149</u>	<u>(64,523)</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>(\$72,573)</u>	<u>\$3,149</u>	<u>(\$69,424)</u>

(Continued)

See accompanying notes and independent accountant's review report.

Statement D

VILLAGE OF EPPS
Epps, Louisiana
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2011

	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities:	
Net change in fund balances - Total Governmental Funds	(\$4,901)
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
Governmental funds report capital outlays and facilities construction as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay and facilities construction expenditures in the current period.	<u>(39,069)</u>
Change in net assets of governmental activities (Statement B)	<u><u>(\$43,970)</u></u>

(Concluded)

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES
December 31, 2011

	Water and Sewer Enterprise Fund
	<u> </u>
ASSETS	
Current assets:	
Cash	\$22,837
Accounts receivable (net of allowance for doubtful accounts)	24,448
Total current assets	<u>47,285</u>
Noncurrent assets:	
Restricted assets - certificates of deposit	45,225
Capital assets (net of accumulated depreciation)	1,394,351
Total noncurrent assets	<u>1,439,576</u>
Total assets	<u>1,486,861</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$4,041
Accrued interest payable	7,869
Current portion of long-term debt	20,226
Customer deposits	7,308
Total current liabilities	<u>39,444</u>
Noncurrent liabilities:	
Long-term debt - revenue bonds payable	277,981
Total liabilities	<u>317,425</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,096,144
Restricted for debt service	45,225
Unrestricted	28,067
Total net assets	<u>\$1,169,436</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2011

	Water and Sewer Enterprise Fund
OPERATING REVENUES	
Water sales	\$92,465
Sewer fees	72,418
Penalties	3,369
Total operating revenue	<u>168,252</u>
OPERATING EXPENSES	
Office supplies	1,011
Accounting	5,527
Advertising	391
Gas, oil, and fuel	13,157
Postage	1,138
Repairs and maintenance	12,060
Utilities and telephone	31,086
Supplies	1,899
Insurance	25,443
Miscellaneous	1,740
Fees and dues	1,913
Water and sewer analysis	2,768
Travel and seminars	710
Depreciation	103,552
Total operating expenses	<u>202,395</u>
OPERATING INCOME (Loss)	<u>(34,143)</u>
NON-OPERATING REVENUES (Expenses)	
Interest earned on deposits	151
Transfers to General Fund	(33,855)
Interest expense	(16,491)
Total non-operating revenues (expenses)	<u>(50,195)</u>
CHANGE IN NET ASSETS	(84,338)
NET ASSETS - BEGINNING	<u>1,253,774</u>
NET ASSETS - ENDING	<u>\$1,169,436</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2011

	Water and Sewer Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$155,376
Customer meter deposits (net)	(50)
Payments to suppliers	<u>(98,371)</u>
Net cash provided by operating activities	<u>56,955</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	<u>(33,855)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(19,851)
Interest paid on capital debt	(16,446)
Increase in restricted cash - certificates of deposit	<u>(3,619)</u>
Net cash used by capital and related financing activities	<u>(39,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>151</u>
NET DECREASE IN CASH	(16,665)
CASH AT BEGINNING OF YEAR	<u>39,502</u>
CASH AT END OF YEAR	<u><u>\$22,837</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(\$34,143)</u>
Adjustments:	
Depreciation	103,552
Increase in accounts receivable	(12,392)
Decrease in customer meter deposits	(50)
Decrease in sales tax payable	(484)
Increase in accounts payable	<u>472</u>
Total adjustments	<u>91,098</u>
Net cash provided by operating activities	<u><u>\$56,955</u></u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

INTRODUCTION

The Village of Epps was incorporated under the provisions of the Lawrason Act in 1939. The village is governed by the mayor-board of aldermen form of government. The mayor and three aldermen serve four-year terms which expire on December 31, 2014. The aldermen receive a per diem of \$125 for each regular meeting. The village provides general government, public safety, and water and sewer services to its residents. The village has a full-time clerk, an elected Chief of Police and eight other employees.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

See independent accountant's review report.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

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

The Village of Epps reports the following governmental funds:

General Fund

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

Capital Projects - LCDBG Fund

The LCDBG Fund is used to account for a grant from the United States Department of Housing and Urban Development, Division of Administration for the improvement of the village's sewer system. The project was completed during 2010. There was no activity in this fund during the year ended December 31, 2011.

See independent accountant's review report.

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

Water and Sewer Enterprise Fund

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

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

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

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

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

C. Deposits

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

D. Receivables

Property tax receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The village is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The village is authorized to levy a maximum tax of 7.23 mills annually on property within the boundaries of the village for general government purposes beginning with the year 2011. The district levied 7.23 mills on property with an assessed value of \$1,754,062 for the year ended December 31, 2011. The taxes are levied in 2011 for the 2012 calendar year, therefore, the revenue resulting from the 2011 tax levy will be recognized in 2012.

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

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

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement. The village first uses unrestricted assets when both restricted and unrestricted assets are available for a specified purpose.

F. Capital Assets

Capital assets, which include land, buildings, the water and sewer systems and improvements, and vehicles and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their fair market value on the date of donation. Approximately 90 percent of the village’s capital assets have been capitalized at cost and the remaining 10 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Village of Epps maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. The village has elected not to report general infrastructure assets, such as roads, bridges, sidewalks, etc., constructed prior to January 1, 2002.

VILLAGE OF EPPS
Notes to the Financial Statements

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

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

G. Compensated Absences

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

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

H. Long-Term Obligations

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

G. Net Assets/Fund Balance

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net assets in the government-

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

wide statement of net assets as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the board of aldermen are reported as committed fund balance.

Assigned fund balance are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The board of aldermen is authorized to assign amounts to a specific purpose. Unassigned fund balance is the residual classification and represents fund balance that has not been restricted, committed, or assigned to a specific purpose.

At December 31, 2011, the Village had only unassigned fund balance in the General Fund. The LCDBG Capital Projects fund balance is reported as restricted because fund balance is made up of grant funds remaining after completion of the sewer system improvement project that was funded by federal grant funds. The project was completed during 2010.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2011 for the Water and Sewer Enterprise Fund:

Total interest cost expensed	\$16,491
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$16,491</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Information

The Village of Epps uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen in December each year. The budget is legally adopted by the board of aldermen in December each year and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure.

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There were no one budget amendments during the year ended December 31, 2011.

The following individual fund had actual revenues and other financing sources less than budgeted revenues and other financing sources for the year ended December 31, 2011:

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Unfavorable <u>Variance</u>
General Fund	<u>\$340,600</u>	<u>\$340,600</u>	<u>\$296,474</u>	<u>\$44,126</u>

B. Fund Balance Deficit

The General Fund had a \$72,573 deficit in unreserved fund balance at December 31, 2011. The village plans to eliminate this deficit by reducing expenditures, levying a 7.23 mills property tax in 2011 and negotiating a settlement for the amount due the Internal Revenue Service for unpaid payroll taxes, penalties, and interest recorded in accounts payable and accrued payroll liabilities at December 31, 2011.

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2011, the village has cash and restricted cash - certificates of deposit (book balances) as follows:

Checking accounts	\$31,257
Short-term investments - certificates of deposit	<u>45,225</u>
Total	<u>\$76,482</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2011, these deposits are secured from risk by federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2011:

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

	General Fund	Water and Sewer Enterprise Fund	Total
Property taxes	\$5,068		\$5,068
Franchise taxes	2,892		2,892
Rent	9,217		9,217
Charges for services	1,065	\$26,453	27,518
Allowance for doubtful accounts		(2,005)	(2,005)
Total	<u>\$18,242</u>	<u>\$24,448</u>	<u>\$42,690</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at December 31, 2011:

	Due From Other Funds	Due To Other Funds
General Fund	\$200	
LCDBG Capital Projects Fund		\$200
Total	<u>\$200</u>	<u>\$200</u>

The amount due to the General Fund is for administrative costs associated with the federal grant. All interfund balances are expected to be repaid when the LCDBG Capital Projects Fund bank account is no longer needed.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, is as follows:

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$234,000			\$234,000
Construction in progress	NONE			NONE

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Total assets not being depreciated	234,000	NONE	NONE	234,000
Capital assets being depreciated:				
Buildings	\$432,032			\$432,032
Vehicles and equipment	240,957		(\$19,715)	221,242
Total capital assets being depreciated	672,989	NONE	(19,715)	653,274
Less accumulated depreciation for:				
Buildings	229,342	10,800		240,142
Vehicles and equipment	107,197	28,269	(19,715)	115,751
Total accumulated depreciation	336,539	39,069	(19,715)	355,893
Total assets being depreciated, net	336,450	(39,069)	NONE	297,381
Total assets, net	<u>\$570,450</u>	<u>(\$39,069)</u>	<u>NONE</u>	<u>\$531,381</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$29,000	NONE	NONE	\$29,000
Capital assets being depreciated:				
Water and sewer systems and improvements	2,739,333			2,739,333
Building	11,235			11,235
Equipment	23,268			23,268
Total capital assets being depreciated	2,773,836	NONE	NONE	2,773,836
Less accumulated depreciation for:				
Water and sewer systems and improvements	1,284,186	102,235		1,386,421
Building	1,463	345		1,808
Equipment	19,284	972		20,256

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Total accumulated depreciation	\$1,304,933	\$103,552	NONE	\$1,408,485
Total assets being depreciated, net	<u>1,468,903</u>	<u>(103,552)</u>	<u>NONE</u>	<u>1,365,351</u>
Total assets, net	<u>\$1,497,903</u>	<u>(\$103,552)</u>	<u>NONE</u>	<u>\$1,394,351</u>

Depreciation expense of \$39,069 was charged to the general government governmental function and \$103,552 was charged to the water and sewer business-type activities function for the year ended December 31, 2011.

7. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended December 31, 2011:

	Transfer In	Transfer Out
General Fund	\$33,855	
Water and Sewer Enterprise Fund		<u>\$33,855</u>
Total	<u>\$33,855</u>	<u>\$33,855</u>

The transfers were made to fund a portion of the salaries and payroll taxes paid from the General Fund that benefitted both funds.

8. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2011:

	Revenue Bonds Payable
Balance January 1, 2011	\$318,058
Additions	NONE
Reductions	<u>(19,851)</u>
Balance at December 31, 2011	<u>\$298,207</u>

Interest expense of \$16,491 was charged to the water and sewer business-type activities function for the year ended December 31, 2011.

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2011:

	<u>Revenue Bonds Payable</u>
Current portion	\$20,226
Long-term portion	<u>277,981</u>
Total	<u><u>\$298,207</u></u>

Revenue bonds payable in the amount of \$298,207 have maturities from 2012 until 2029 and 4.5% to 6.125% interest rates. Loan principal and interest payable in the next fiscal year are \$20,226 and \$16,071, respectively. The individual bonds are as follows:

	<u>\$237,000 Bonds</u>	<u>\$13,000 Bonds</u>	<u>\$359,000 Bonds</u>
Original issue date	4/5/88	4/5/88	5/22/96
Interest rate	6.00%	6.125%	4.50%
Final payment due	4/5/29	4/5/29	5/20/19
Interest to maturity	\$104,669	\$5,922	\$24,590
Principal outstanding	\$166,794	\$9,212	\$122,201
Funding source	Water revenue	Water revenue	Sewer revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2012	\$20,226	\$16,071	\$36,297
2013	21,229	15,068	36,297
2014	22,283	14,014	36,297
2015	23,390	12,907	36,297
2016	24,553	11,744	36,297
2017 - 2021	91,827	40,866	132,693
2022 - 2026	62,300	21,393	83,693
2027 - 2029	<u>32,399</u>	<u>3,118</u>	<u>35,517</u>
Total	<u><u>\$298,207</u></u>	<u><u>\$135,181</u></u>	<u><u>\$433,388</u></u>

See independent accountant's review report.

9. RESTRICTED NET ASSETS

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

- A. A "Sinking Fund". The village must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
- B. A "Reserve Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Sinking Fund each month until \$16,738 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which sufficient funds are not available in the Sinking Fund.
- C. A "Contingency Fund". The village must transfer \$66 into this fund each month. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

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

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

At December 31, 2011 the village has \$45,225 in restricted accounts to meet reserve requirements. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 2011:

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

Reserve for revenue bonds payable at January 1, 2011	\$41,606
Interest earnings	151
Deposits	<u>3,468</u>
Reserve for bonds payable at December 31, 2011	<u>\$45,225</u>

10. PENSION PLAN

All full-time police department employees engaged in law enforcement are required to participate in the Municipal Police Employees' Retirement System (the "System") of Louisiana. However, persons employed as full-time police officers by a municipality which is mandatorily covered by social security and has not excluded its police officers from such coverage are not mandated to become members. Membership in this retirement system shall be at the sole option of the employee. Employees who retire at or after age 50 with at least 20 years of creditable service, at or after age 55 with at least 12 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final average salary for each year of creditable service, not to exceed 100% of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Plan members are required by state statute to contribute 10% of their annual covered salary and the village is required to contribute an actuarially determined rate. The rate for 2011 was 26.5%. The contribution requirements of plan members and the village are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The village's contributions to the System for the year ended December 31, 2011 were \$9,540, equal to the required contributions for the year.

11. ON-BEHALF PAYMENTS FOR SALARIES

For the year ended December 31, 2011, the Village recognized revenue and expenditures of \$24,000 in salary supplements from the State of Louisiana paid directly to employees of the police department.

See independent accountant's review report.

12. GOING CONCERN

The Village's General Fund had a deficit in unassigned fund balance of \$72,573 at December 31, 2011. The majority of the deficit arose during 2010 due to expenditures exceeding revenues and other financing sources by \$71,730. The 2010 rental revenues received from the West Carroll Detention Center declined significantly from amounts received in prior years due to a decline in the number of inmates held at the facility. The decrease in fund balance for the year ended December 31, 2011 was reduced to \$4,901 by reducing expenditures by approximately \$82,869. The village plans to further reduce the deficit in future years by levying a 7.23 mill property tax in 2011 and negotiating with the IRS to have \$30,851 in accrued interest and penalties abated. The Village also raised water and sewer rates during 2011 in order to generate more revenue in the Water and Sewer Enterprise Fund. This increase in revenue will allow the Water and Sewer Enterprise Fund to pay its share of operating expenses such as salaries, utilities, and insurance that have been paid entirely by the General Fund in prior years.

13. RISK MANAGEMENT AND CONTINGENT LIABILITIES

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

The village is involved in one lawsuit at December 31, 2011 that has been ongoing for several years. No provision for any liability is recorded in the accompanying financial statements.

14. OPERATING AGREEMENT

In September 1996, the village entered into an agreement with Correctional Operations Management Company, L.L.C., (COMCO) to become the sponsoring agent for COMCO to operate and manage the facility known as West Carroll Detention Center. The village agreed to sponsor COMCO and lease property to them for an original term of five years. The agreement contains an option to extend the term of sponsorship and lease agreement for three additional five year terms. During 2003, COMCO changed the name of its operation to Emerald Corporation. During 2008, the village restructured the agreement with Emerald Corporation. During the year ended December 31, 2011, the village received \$131,711 from Emerald Corporation from the restructured agreement and the rental of the fish plant.

REQUIRED SUPPLEMENTAL INFORMATION

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

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

For the Year Ended December 31, 2011

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$14,800	\$14,800	\$13,318	(\$1,482)
Licenses and permits	14,800	14,800	18,579	3,779
Intergovernmental revenue - state grants			40,922	40,922
Local grants			1,000	1,000
Fines	40,000	40,000	48,746	8,746
Rent	153,000	153,000	134,585	(18,415)
Mowing	3,000	3,000	2,190	(810)
Other revenue	5,000	5,000	3,279	(1,721)
Total revenues	<u>230,600</u>	<u>230,600</u>	<u>262,619</u>	<u>32,019</u>
EXPENDITURES				
General government:				
Personal services	208,300	208,300	239,416	(31,116)
Operating services	102,800	102,800	50,805	51,995
Materials and supplies	20,000	20,000	8,976	11,024
Travel and other	9,000	9,000	2,178	6,822
Total expenditures	<u>340,100</u>	<u>340,100</u>	<u>301,375</u>	<u>38,725</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(109,500)</u>	<u>(109,500)</u>	<u>(38,756)</u>	<u>70,744</u>
OTHER FINANCING SOURCES - operating transfer in	<u>110,000</u>	<u>110,000</u>	<u>33,855</u>	<u>(76,145)</u>
NET CHANGE IN FUND BALANCE	500	500	(4,901)	(5,401)
FUND BALANCE AT BEGINNING OF YEAR	<u>9,650</u>	<u>9,650</u>	<u>(67,672)</u>	<u>(77,322)</u>
FUND BALANCE AT END OF YEAR	<u>\$10,150</u>	<u>\$10,150</u>	<u>(\$72,573)</u>	<u>(\$82,723)</u>

There were no budget amendments during the year ended December 31, 2011.

See independent accountant's review report.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2011

COMPENSATION PAID ALDERMEN

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive a per diem of \$125 for each regular meeting.

STATUS OF PRIOR YEAR FINDINGS

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

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 4.

Schedule 2

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Per Diem Paid Aldermen
For the Year Ended December 31, 2011

Shirley Gibson	\$1,500
Charlie Grimble	1,500
Roberta Simms	<u>1,500</u>
Total	<u>\$4,500</u>

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2010-1	2008	Inadequate Segregation of Accounting Duties	No	See current year findings.
2010-2	2008	Inadequate Controls Over Preparation of Financial Statements	No	See current year findings.
2010-3	2009	Noncompliance with Established Purchasing Policy	Yes	N/A
2010-4	2010	Inadequate Controls over Water and Sewer Accounts Receivable	No	See current year findings.
2010-5	2010	Noncompliance with Local Government Budget Act	No	See current year findings.
2010-6	2010	Payment of Employee Christmas Bonuses	Yes	N/A

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2011

Reference Number	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
N/A	Inadequate segregation of accounting duties.	It is not economically feasible to correct this deficiency based on the size of the village and its limited revenues.	Jeff Guice, Mayor	N/A
N/A	Inadequate controls over the preparation of financial statements.	It is not economically feasible to correct this deficiency based on the size of the village and its limited revenues.	Jeff Guice, Mayor	N/A
N/A	Inadequate controls over water and sewer fund accounts receivable.	It is not economically feasible to correct this deficiency based on the size of the village and its limited revenues.	Jeff Guice, Mayor	N/A
Procedure 7	Actual revenues and other sources failed to meet budgeted revenues and other sources by \$44,126 or 13%.	For 2012, a budget amendment will be adopted when actual revenues and other sources fail to meet budgeted revenues and other sources by 5% or more.	Jeff Guice, Mayor	12/31/2012

See independent accountant's review report.

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

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

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Accountant's Report
On Applying Agreed-Upon Procedures

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Epps and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Village is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, 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 \$30,000 and no disbursements for public works exceeding \$150,000 made during the year.

Code of Ethics for Public Officials and Public Employees

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

Management provided me with the required list including the noted information.

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

Management provided me with the required list including the noted information.

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

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

Budgeting

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

I obtained a copy of the legally adopted budget. There were no amendments during 2011.

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

The original budget was adopted in December 2010.

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

Actual revenues and other financing sources failed to meet budgeted revenues and other financing sources by \$44,126 or 13%. Actual expenditures were less than budgeted expenditures.

Accounting and Reporting

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

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

An examination of six randomly selected disbursements disclosed the following:

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

Meetings

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:19 (the opening meetings law).

The public notices for meetings were posted as required by LSA-RS 42:19.

Debt

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

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

Advances and Bonuses

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

I examined payroll records and minutes for the period under examination and noted no payments which may constitute bonuses, advances, or gifts.

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Prior Comments and Recommendations

There were six findings in the prior year audit report. Two of the findings were resolved during 2011 and four findings are reported as current year findings.

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

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

/s Carleen Dumas
Calhoun, Louisiana
June 27, 2012

Louisiana Attestation Questionnaire

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

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

Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2011 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of 12-31-11.

PUBLIC BID LAW

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

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

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

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

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

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

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

BUDGETING

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

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

ACCOUNTING AND REPORTING

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

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

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

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

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

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

MEETINGS

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

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

DEBT

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

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

ADVANCES AND BONUSES

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

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

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

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

/s Jeff Guice
Name

6-5-12
Date