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VILLAGE OF EPPS
Epps, Louisiana

General Purpose Financial Statement
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1986
With Supplemental Information Schedule

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 1/13/87

M. Carolyn Dumas
CERTIFIED PUBLIC ACCOUNTANT

300 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 388644-0325

MANAGEMENT LETTER

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

In planning and performing my audit of the Village of Epps' general purpose financial statements for the year ended December 31, 1995, certain matters came to my attention which I feel should be conveyed to management of the village. These matters, while not appropriate for inclusion in the various auditors' reports accompanying the financial statements, are items which I feel should be brought to your attention.

**FEDERAL FINANCIAL REPORTS SHOULD
AGREE TO APPROVED PROGRAM BUDGET**

The COPS Universal Billing Program provides that grant funds be used to pay 75 percent of total program expenditures. The remaining 25 percent of expenditures are to be paid from local funds. The financial status report prepared by the village for the quarter ending December 31, 1995, reports the federal share of total expenditures to be 76 percent of total expenditures. Federal financial reports should be completed in accordance with the program budget and reporting guidelines issued by the grantor.

**LOAN TO EMPLOYEE IS IN
VIOLATION OF ARTICLE 7
SECTION 14 OF THE LOUISIANA
CONSTITUTION**

Article 7 Section 14 of the Louisiana Constitution provides that the funds of the village not be loaned or donated to any person or organization. During the year ended December 31, 1995, the village allowed an employee to purchase a used vehicle from the village by making installment purchases after the sale in the form of payroll deductions. Allowing an employee to make installment payments in the form of payroll deductions constitutes an advance to that employee. Payment of employee compensation in advance is an unconditional donation of public funds. I recommend that the village not loan or donate public funds to any person or organization.

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF 1898

Epps, Louisiana
Management Letter
Page Two

GENERAL

I am available to assist the village with any problems or questions they may have concerning the above or any other matters.

Respectfully,



Clifton Thomas
June 23, 1997

VILLAGE OF EPPS
Epps, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1995
With Supplemental Information Schedules

VILLAGE OF EPPS
Epps, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1995
With Supplemental Information Schedules

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana**

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1986, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Epps' management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the United States Department of Agriculture *Rural Home Administration (RHA) Audit Program* (1989 edition). Those standards, OMB Circular A-128, and the FIDRA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Epps, as of December 31, 1986, and the results of its operations and cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana
Independent Auditor's Report,
December 31, 1996

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Village of Epps. Such information, except for the schedules marked "unaudited," on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated June 25, 1997 on my consideration of the Village of Epps' internal control structure and a report dated June 25, 1997, on the village's compliance with laws, regulations, contracts, and grants.



Charles R. Jones
Cibola, Louisiana
June 25, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF EPPS
Epps, Louisiana
ALL FUNDS TYPE AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL FUNDS				TOTAL COMBINATION
	GENERAL FUND	IMPROVEMENT CAPITAL PROJECTS FUND	HOUSING FUND TYPE - WATER AND SEWER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FUND RESERVE	
ASSETS					
Current assets:					
Cash	\$31,285	\$400	\$7,068		\$38,753
Receivables (net of allowance for doubtful accounts)	4,540	12,648	11,380		28,568
Due from other funds			20,998		20,998
Total current assets	<u>35,825</u>	<u>13,048</u>	<u>39,446</u>	<u>NONE</u>	<u>87,319</u>
Noncurrent assets - cash			23,051		23,051
Prepaid expenses	1,373		1,579		2,952
Water system plant and equipment (net of accumulated depreciation)			718,734		718,734
Land, buildings, and equipment				\$497,130	497,130
TOTAL ASSETS	<u>\$37,198</u>	<u>\$13,048</u>	<u>\$774,763</u>	<u>\$497,130</u>	<u>\$1,281,999</u>
LIABILITIES AND FUNDS EQUITY					
Liabilities:					
Current liabilities payable from current assets:					
Accounts payable	\$1,256		\$480		\$1,736
Contractors payable		\$11,331	\$96,712		108,043
Sales tax payable			487		487
Due to other funds	20,998	330			21,328
Deferred revenues	4,115				4,115
Contractors money deposits			9,834		9,834
Total current liabilities (payable from current assets)	<u>26,469</u>	<u>11,661</u>	<u>107,113</u>	<u>NONE</u>	<u>145,243</u>
Current liabilities (payable from restricted assets):					
Account interest payable			12,708		12,708
Revenue bonds (payable)			2,290		2,290
Total current liabilities (payable from restricted assets)	<u>NONE</u>	<u>NONE</u>	<u>14,998</u>	<u>NONE</u>	<u>14,998</u>

(Continued)

VILLAGE OF EPPS

Epps, Louisiana

ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, December 31, 1998

	GOVERNMENTAL FUND TYPE				TOTAL COMBINATION FUNDS
	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	PROPERTY FUND TYPE - WATER AND SEWER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FUND	
LIABILITIES AND FUNDS/EQUITY COUNTERS:					
Long-term liabilities - certificate					
bonds payable			545,811		545,811
Total Liabilities	326,087	817,281	545,811	805,811	1,494,989
Fund Equity:					
Investments in general fund assets				545,130	545,130
Contributed capital net of accumulated depreciation on fund assets acquired with federal grant			319,842		319,842
Retained earnings:					
Reserved for bonds payable			7,300		7,300
Reserved for construction			1,885		1,885
Unreserved - undesignated			(11,282)		(11,282)
Total retained earnings (deficit)	50,802	80,802	45,813	80,598	14,215
Fund balance - unreserved - undesignated	11,223	800			11,223
Total Fund Equity	11,223	800	312,515	455,130	819,138
TOTAL LIABILITIES AND FUNDS/EQUITY	337,310	918,083	874,326	845,130	1,618,849

(Continued)

The accompanying notes are an integral part of this statement.

VILLAGE OF EPPS
Epps, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1996

	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM) (DOLL.)
REVENUES			
Taxes:			
Ad valorem taxes	\$3,884		\$3,884
Franchise	8,712		8,712
Occupational licenses	19,711		19,711
Intergovernmental revenues:			
Federal grant	2,065	\$279,420	281,485
State funds	2,825		2,825
Traffic fines	6,094		6,094
Use of money and property:			
Rent	14,480		14,480
Interest earnings	461		461
Other revenues	3,427		3,427
Total revenues	<u>\$27,669</u>	<u>\$279,420</u>	<u>\$307,089</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	18,258		18,258
Operating services	39,398		39,398
Materials and supplies	2,317		2,317
Capital outlay	1,250		1,250
Facilities acquisition and construction		279,420	279,420
Total expenditures	<u>\$61,263</u>	<u>\$279,420</u>	<u>\$340,683</u>

(Continued)

Statement B

VILLAGE OF EPPS

Epps, Louisiana

GOVERNMENTAL FUND TYPE

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

	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(\$8,531)	NONE	(\$8,531)
OTHER FINANCING SOURCE - sale of fixed assets	100		100
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	(8,431)	NONE	(8,431)
FUND BALANCES AT BEGINNING OF YEAR	19,304	100	19,404
FUND BALANCES AT END OF YEAR	\$10,873	\$100	\$11,373

(Continued)

The accompanying notes are an integral part of this statement.

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

	BUDGET	ACTUAL	VARIANCE PROGRAM (ADMINISTRATIVE)
REVENUES			
Taxes:			
Ad valorem	\$4,400	\$3,884	(\$516)
Franchise		8,712	8,712
Occupational licenses	6,500	10,711	4,211
Intra-governmental:			
Federal grant		2,068	2,068
State funds	4,800	2,825	(1,975)
Traffic fines	7,500	6,804	(696)
Use of money and property:			
Rent	18,480	14,480	(4,000)
Interest earnings	390	461	71
Other revenues	16,080	3,427	(12,653)
Total revenues	<u>58,150</u>	<u>52,669</u>	<u>(\$5,481)</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	25,100	18,213	6,887
Operating services	55,350	56,368	13,582
Materials and supplies	3,800	2,317	1,483
Capital outlay		1,250	(1,250)
Total expenditures	<u>87,250</u>	<u>81,208</u>	<u>21,089</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(24,000)	(6,531)	15,508
OTHER FINANCING SOURCE - sale of fixed assets		<u>500</u>	<u>500</u>

(Continued)

Statement C

VILLAGE OF IPPS

Ipps, Louisiana

GOVERNMENTAL FUND TYPE - GENERAL FUND

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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	(\$24,000)	(\$8,011)	\$16,089
FUND BALANCES AT BEGINNING OF YEAR	10,000	19,304	9,304
FUND BALANCES (Deficit) AT END OF YEAR	<u>(\$14,000)</u>	<u>\$11,273</u>	<u>\$25,273</u>

The accompanying notes are an integral part of this statement.

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, 1996

OPERATING REVENUES	
Water sales	852,627
Sewer sales	12,157
Fees/rents	4,237
Other operating revenue	81
Total operating income	<u>879,102</u>
OPERATING EXPENSES	
Salaries	34,175
Payroll taxes	2,605
Advertising	1,689
Utilities	4,503
Repairs and maintenance	14,891
Insurance	6,341
Materials and supplies	5,079
Professional services	3,261
Telephone	725
Travel expense	1,156
Postage	306
Accounting	1,689
Depreciation	28,588
Other operating expenses	1,007
Total operating expenses	<u>108,585</u>
OPERATING LOSS	<u>(28,883)</u>
NON-OPERATING REVENUES (Expenses)	
Interest income	640
Ad valorem taxes	3,380
Interest expense	<u>(15,851)</u>
Net non-operating revenues (expenses)	<u>(11,831)</u>

(Continued)

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)	(37,931)
Adjustment for depreciation on fixed assets acquired with federal grant	<u>9,769</u>
NET DECREASE IN RETAINED EARNINGS	(28,161)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>21,300</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(6,861)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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 Loss	<u>(826,851)</u>
Adjustments to Reconcile Operating Loss to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	26,998
Increase in accounts receivable	(1,807)
Increase in prepaid insurance	(1,575)
Increase in due from other funds	(977)
Increase in customer deposits	600
Decrease in taxes payable	(11)
Decrease in accounts payable	(584)
Total adjustments	<u>22,644</u>
Net cash used by operating activities	<u>(804,207)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal and interest on long-term debt	(36,399)
Acquisition and construction of fixed assets	(197,025)
Proceeds from sewer revenue bonds	197,801
Net cash used by capital and related financing activities	<u>(15,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>942</u>
NET DECREASE IN CASH	<u>(18,021)</u>
CASH AT BEGINNING OF YEAR	<u>49,038</u>
CASH AT END OF YEAR	<u>\$31,017</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF IPPS
Ipps, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Ipps was incorporated under the provisions of the Louisiana Act in 1939. The village operates under a Mayor-Board of Aldermen form of government. The mayor and alderman serve four-year terms which expired on December 31, 1996.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Village of Ipps 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 Ipps 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 Ipps 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
 - a. The ability of the village to impose its will on that organization and/or

VILLAGE OF IPPE

Ippe, Louisiana

Notes to the Financial Statements (Continued)

- 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 financially 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 are part of the 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 that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

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 legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

long-term debt. Governmental funds include:

General Fund

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

**Community Development Block Grant
Capital Projects Fund**

The Community Development Block Grant Capital Projects Fund accounts for a grant from the United States Department of Housing and Urban Development, Division of Administration for the improvement of the village's wastewater treatment facility.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include the Water and Sewer Enterprise Fund which is used to account for the operations of the village's water and sewer system. The operations are financed and operated in a manner similar to private business enterprise, 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.

BA. BASIS OF ACCOUNTING

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

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

Revenues

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

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

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

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

Based on the above criteria, all valorem taxes, franchise taxes, and intergovernmental revenues have been treated as receivable to record.

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 fixed assets are accounted for as other financing sources and are recorded when the underlying events occur.

The Water and Sewer Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund is 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.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

K. BUDGET PRACTICES

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. There were no budget amendments.

L. CASH

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1996, the village has cash (bank balances) totaling \$61,422 as follows:

Cash on hand	\$4,633
Demand deposits	19,505
Interest-bearing demand deposits	25,899
Money market account	<u>11,385</u>
Total	<u>\$61,422</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, 1996, total \$57,348 and are fully secured by federal deposit insurance.

M. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the funds used to acquire or construct

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

Items. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in governmental funds and the related assets are reported in the general fixed assets account group. 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. No depreciation has been provided on general fixed assets. There are no general long-term obligations at December 31, 1996.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds. Public domain or infrastructure general fixed assets consisting of roads, sidewalks, bridges, parking lots, and drainage systems are not capitalized, as these assets are inseparable and of value only to the village.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund net of accumulated depreciation. 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	7 years

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

II. VACATION AND SICK LEAVE

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

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

I. 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 assets on the balance sheet because their use is limited.

J. CONTRIBUTED CAPITAL

Grants, endowments, 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.

**K. TOTAL COLUMNS ON THE
COMBINED STATEMENTS**

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

2. BUDGETED EXPENDITURES

For the year ended December 31, 1996, the General Fund's budgeted expenditures exceeded estimated funds available by \$14,190. Actual revenues failed to meet budgeted revenues by \$5,480 or approximately ten percent.

3. LEVIED TAXES

For the year ended December 31, 1996, ad valorem tax millages levied by the village were 5.79 for the General Fund and 5.58 for the Water and Sewer Enterprise Fund.

The following are the principal taxpayers for the village and their 1996 assessed valuation:

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

	Assessed Valuation	Percent of Total Assessed Valuation
BellSouth Telecommunications	\$113,460	16.10
Dish Farms, Inc.	32,480	4.23
Peter and Mary Chesacoff, Jr.	22,080	2.88
Louisiana Gas Service Co.	13,860	1.81
West Carroll National Bank	13,680	1.78
Energy Louisiana, Inc.	13,030	1.70
Epps Cable T.V.	8,130	1.09
Epps Food and Feed	8,400	1.09
C.L. Miller	8,400	1.09
Earl K. Natchery	8,280	1.07
Total	<u>\$252,700</u>	<u>34.94</u>

4. RECEIVABLES

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

	General Fund	Community Development Block Grant Capital Projects Fund	Water and Sewer Enterprise Fund	Total
Taxes:				
Ad valorem	\$669		\$970	\$1,908
Franchise	1,829			1,829
Intergovernmental revenue	791	\$12,681		13,612
Other	981			981
Accounts:			11,651	11,651
Allowance for doubtful accounts			(1,238)	(1,238)
Total	<u>\$4,540</u>	<u>\$12,681</u>	<u>\$11,383</u>	<u>\$28,604</u>

VILLAGE OF EPTIS

Epps, Louisiana

Notes to the Financial Statements (Continued)

5. DUE FROM/TO OTHER FUNDS

The following is a summary of due from/to other funds at December 31, 1996:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		\$20,606
Community Development Block Grant Capital Projects Fund		380
Water and Sewer Enterprise Fund	\$20,956	
Total	<u>\$20,956</u>	<u>\$20,956</u>

6. FIXED ASSETS

The following presents changes in general fixed assets for the year ended December 31, 1996:

	<u>Land and Buildings</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Balance, January 1, 1996	\$456,028	\$21,047	\$477,075
Additions		1,350	1,350
Retirements	NONE	(1,206)	NONE
Balance, December 31, 1996	<u>\$456,028</u>	<u>\$21,191</u>	<u>\$477,219</u>

A summary of proprietary fund type property, plant, and equipment at December 31, 1996, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water and sewer system	\$729,062	(\$321,665)	\$407,397
Construction in progress	305,097		305,097
Buildings	1,089	(1,089)	NONE
Equipment	15,240	(15,000)	240
Total	<u>\$1,048,488</u>	<u>(\$337,754)</u>	<u>\$710,734</u>

Construction in progress reported in the accompanying financial statements does not include sewer system improvements totaling \$285,971, funded by 1994 Louisiana Community Development Block Grant

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

funds. Grant expenditures for the year ended December 31, 1996, in the amount of \$279,430, are reported as facilities acquisition and construction expenditures in the Community Development Block Grant Capital Projects Fund. The total cost of the improvements funded with Louisiana Community Development Block Grant funds will be recorded as an asset of the Water and Sewer Enterprise Fund, with a corresponding entry to contributed capital, when the project is completed.

7. 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.

8. REVENUE BONDS PAYABLE

The liability for revenue bonds at December 31, 1996 includes the following:

Water Revenue Bonds sold by the village in 1988 in the amount of \$257,000 and \$12,000 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 \$16,738 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 \$159,000 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. Interest incurred on advance loan funds in the amount of \$6,541 is due May 22, 1997. Thereafter, annual principal and interest payments of \$19,538 are due through May 22, 2006 and are made solely from revenues derived from operation of the sewer system. At December 31, 1996, the Farmers Home Administration had advanced loan funds to the village in the amount of \$177,840.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1996:

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

	1988 Water Revenue Bonds	1996 Sewer Revenue Bonds	Total
Revenue bonds payable at January 1, 1996	\$238,336	NONE	\$238,336
Additions		\$197,840	197,840
Retirements	(2,773)		(2,773)
Revenue bonds payable at December 31, 1996	<u>\$235,563</u>	<u>\$197,840</u>	<u>\$433,403</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 1996, (including \$361,168 of 1996 sewer bonds to be advanced during the year ending December 31, 1997) including interest of \$793,688, are as follows:

Year	
1997	\$23,580
1998	36,297
1999	36,297
2000	36,297
2001	36,297
2002 - 2006	180,484
2007 - 2011	180,484
2012 - 2016	180,484
2017 - 2021	180,484
2022 - 2026	180,484
2027 - 2031	131,269
2032 - 2036	97,792
Total	<u>\$1,565,349</u>

9. CONTRIBUTED CAPITAL

In 1989, the village received a grant totaling \$250,000 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. The grant amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the grant funds. At December 31, 1996, accumulated depreciation on these assets is \$73,158.

VILLAGE OF EPPS

Epps, Louisiana

Notes to the Financial Statements (Continued)

10. DEFICIT IN RETAINED EARNINGS

At December 31, 1986, the Water and Sewer Enterprise Fund had a deficit in unreserved undesignated retained earnings in the amount of \$15,282. The village anticipates eliminating the deficit by an increase in revenues resulting from a 1986 sewer rate increase.

11. RESERVED RETAINED EARNINGS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the 1988 Water Revenue Bonds discussed in note 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.

At December 31, 1986 the district has \$21,596 in established accounts to meet reserve requirements. Of that amount, \$14,696, is offset by current liabilities, with the remaining \$7,000 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, 1986:

Reserve for revenue bonds payable at January 1, 1986	\$18,500
Deposits	17,005
Interest earnings	582
Loan payments	(14,518)
Bank charges	(2)

SUPPLEMENTAL INFORMATION SCHEDULES

VILLAGE OF 1898
Epps, Louisiana

Schedule of Water Rates
For the Year Ended December 31, 1996

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for first 2,000 gallons	\$8.00
	For 1,000 gallons for the next 2,000 gallons	2.00
	For 1,000 gallons for all over 2,000 gallons	1.50
Commercial	Monthly minimum for first 20,000 gallons	\$1.00
	For 1,000 gallons for all over 20,000 gallons	1.50

Approximately 271 water customers were billed for the month of December 1996.

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Sewer Rates
For the Year Ended December 31, 1996

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential and commercial	Monthly minimum for first 2,000 gallons of water used	\$0.00
	Per 1,000 gallons for the next 3,000 gallons of water used	0.03
	Per 1,000 gallons for all over 5,000 gallons of water used	0.03
	Per 1,000 gallons for all over 10,000 gallons of water used	1.10

Approximately 214 sewer customers were billed for the month of December 1996.

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Insurance Coverage
As of December 31, 1998
(Unaudited)

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Expiration Date
Commercial General Liability	Louisiana Municipal Risk Management Agency	LML-196	Aggregate - \$500,000 Each Occurrence - \$500,000 Medical Payments - \$1,000 per person - \$10,000 per accident Fire Legal Liability - \$50,000 per occurrence	11/08/99
Automobile Liability	Louisiana Municipal Risk Management Agency	LML-195	\$500,000	05/23/99
Law Enforcement Officers Comprehensive Liability	Louisiana Municipal Risk Management Agency	LML-196	\$500,000	11/08/99
Public Officials Errors and Omissions Liability	Louisiana Municipal Risk Management Agency	LML-195	\$500,000	11/08/99
Worker's Compensation and Employers Liability	Louisiana Municipal Risk Management Agency	WC-0198	Statutory	01/01/97
Commercial Property	EMC Insurance Companies	130-74-75-97	Various - 50% coinsurance	03/23/97

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

Statement of Revenues and Operating Expenses -
Budget and Actual
For the Year Ended December 31, 1996
(Unaudited)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(OR UNFAVORABLE)</u>
REVENUES			
Water sales	\$99,800	\$82,627	(\$17,173)
Sewer sales	15,000	22,157	7,157
Other	1,000	4,328	3,328
Ad valorem taxes	4,400	3,780	(620)
Interest income	1,000	902	(98)
Total operating revenues	<u>\$11,200</u>	<u>\$83,834</u>	<u>2,834</u>
OPERATING EXPENSES			
Accounting	750	1,680	(930)
Advertising	200	1,669	(1,469)
Agent fee	350		350
Insurance	5,200	6,241	(941)
Materials and supplies	3,500	5,679	(2,179)
Payroll taxes	2,000	2,605	(605)
Postage	850	586	264
Professional fees	4,000	3,261	739
Repairs and maintenance	2,000	14,891	(12,891)
Salaries	22,500	34,175	(11,675)
Travel expenses	600	1,196	(596)
Utilities and telephone	6,000	3,668	2,332
Depreciation		26,998	(26,998)
Interest expense	16,740	15,832	908
Other operating expenses	4,180	1,000	3,180
Total operating expenses	<u>66,870</u>	<u>121,822</u>	<u>(54,952)</u>
NET INCOME (Loss)	<u>\$4,330</u>	<u>(\$37,988)</u>	<u>(\$42,318)</u>

VILLAGE OF IPPS
 Ipps, Louisiana
 PROPRIETARY FUND TYPE -
 WATER AND SEWER ENTERPRISE FUND

Proposed Operating Budget
 For the Year Ending December 31, 1997
 (Unaudited)

REVENUES	
Water	858,800
Sewer	33,000
Other	1,000
Ad valorem taxes	4,400
Interest income	1,000
Total revenues	<u>902,200</u>
EXPENSES	
Accounting	900
Advertising	500
Insurance	5,500
Materials	2,800
Miscellaneous	2,800
Payroll taxes	2,800
Postage	850
Professional fees	1,000
Repairs and maintenance	2,000
Salaries	38,000
Supplies	900
Travel expenses	1,600
Utilities and telephone	6,200
WPAHA loan payment	32,500
Special funds	4,000
Total expenses	<u>97,700</u>
NET INCOME	<u>824,500</u>

VILLAGE OF EPPS
Epps, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended December 31, 1996

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 \$17.50 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.

VILLAGE OF EPPS
Epps, Louisiana

Schedule B

Schedule of Compensation Paid Aldermen
For the Year Ended December 31, 1996

John Chestnut P.O. Box 743 Epps, La 71227	\$169
Katherine Johnson P.O. Box 183 Epps, La 71227	172
Lennie Raley P.O. Box 99 Epps, La 71227	<u>180</u>
Total	<u>\$517</u>

**Independent Auditor's Reports Required by
Government Auditing Standards, OMB
Circular A-128, Audits of State and Local
Governments, and United States Department of
Agriculture Farmers Home Administration
(FmHA) Audit Program (1989 edition)**

The following independent auditor's reports on the schedule of federal financial assistance, compliance with laws, regulations, contracts, and grants and the internal control structure are presented in compliance with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, Audits of State and Local Governments; the United States Department of Agriculture Farmers Home Administration (FmHA) Audit Program, (1989 edition) and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1990, and for the year then ended, and have issued my report thereon dated June 25, 1991. These general purpose financial statements are the responsibility of the management of the Village of Epps. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, *Audit of State and Local Governments* and the United States Department of Agriculture *Farmer Home Administration (FHA) Audit Program* (1989 edition). Those standards, OMB Circular A-128 and the FHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the Village of Epps, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Carlton, Louisiana
June 25, 1991

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Federal Financial Assistance
For the Year Ended December 31, 1986

FEDERAL DONOR/ PASS THROUGH GRANTOR/ PROGRAM NAME	CFDA NUMBER	FED- TECHNICAL GRANTING NUMBER	AMOUNT DISBURSED AT YEAR-END 1986	REVENUE RECORDED	EXPENDITURE	ACCREDIT- ED REVENUE AS DISTRIBUTED
			1,000			1,000
United States Department of Agriculture - Water and Waste Disposal Systems for Rural Communities	* 55-418	7474	9000	9000	285,000	10,000
United States Department of Justice - COPS Universal Hiring Program	55-770	860600000	9000	52,000	2,000	28,133
United States Department of Housing and Urban Development Funded through Office of the Governor, Division of Administration - Community Development Block Grant (CDBG) Program	14-204	144,0000	9000	279,400	279,400	11,000
Total federal financial assistance			9000	321,400	566,400	49,133

* Denotes major federal financial assistance program

NOTE: Not included in the above schedule is \$275,561 in outstanding water revenue bonds as December 31, 1986. The bonds were purchased by the Farmers Home Administration under CFDA number 55-418.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance
Based on An Audit of General Purpose
Financial Statements Performed in Accordance with
Government Auditing Standards**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1996, and for the year then ended, and have issued my report thereon dated June 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of *Office of Management and Budget Circular A-128 Audit of State and Local Governments*; the United States Department of Agriculture *Forest Home Administration (FHMA) Audit Program* (1989 edition); and the *Louisiana Government Audit Guide*, issued by the Society of Louisiana Certified Public Accountants, and the Louisiana Legislative Auditor. Those standards, OMB Circular A-128, the FHMA audit program, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Epps, is the responsibility of the village's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Village of Epps' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests of compliance disclosed the following instances of noncompliance that are required to be reported herein under *Government Auditing Standards* for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Village of Epps' 1996 financial statements.

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EGGS
Eggs, Louisiana
Independent Auditor's Report
on Compliance, et al.,
December 31, 1996**

**Need to Comply with Local
Government Budget Act**

Finding: The 1996 General Fund budget included estimated expenditures exceeding estimated funds available by \$14,183. Louisiana Revised Statutes (LRS) 39:1508 (B) requires that the adopted budget be balanced with approved expenditures not exceeding the total of estimated funds available. Actual General Fund revenues failed to meet budgeted revenues by approximately ten percent and no budget amendment was adopted by the village. LRS 39:1509 requires the village to amend the budget when actual revenues fail to meet budgeted revenues by five percent or more. In addition, LRS 39:1508 (A) requires that the village adopt the budget for the ensuing fiscal year prior to the end of the fiscal year in progress. The 1996 General Fund budget was adopted at the January 4, 1996 board meeting.

Recommendation: For all future fiscal years, I recommend that the Village of Eggs' budgeted expenditures not exceed budgeted revenues plus budgeted beginning fund balance. The village should amend its budget when actual revenues fail to meet budgeted revenues by five percent or more. The village should adopt the budgets for the ensuing fiscal year prior to December 31 of each year.

Management's Response: For future years, the village plans to hire an outside accountant to assist in preparing annual budgets and in complying with the Local Government Budget Act. The 1997 General Fund budget was adopted in December 1996.

**Property Taxes Should Be
Expended in Accordance
with Tax Proposition**

Finding: As reported in the prior year audit report, in November 1994, the voters of the village assessed a \$.28 mill property tax for the purpose of maintaining and improving the water and sewerage systems of the village. Since 1992, the water and sewerage tax receipts have been deposited in the General Fund and recorded as an amount due to the Water and Sewer Fund. As December 31, 1996, the General Fund owes the Water and Sewer Fund \$20,339 for 1992 through 1996 property taxes. The General Fund did not repay any portion of the amount due for prior years dating for year ended December 31, 1996.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

Recommendations: I recommend that property taxes for the water and sewerage systems be deposited in the Water and Sewer Fund and be expended for the purposes specified in the tax proposition. In addition, I recommend that the village develop a plan for repaying the amount due the Water and Sewer Fund and that repayment begin during the current fiscal year.

Management's Response: The village anticipates an increase in General Fund revenues during 1997 that will provide funds to allow the General Fund to begin repaying the Water and Sewer Fund on a monthly basis. The village will deposit 1997 ad valorem tax receipts in the proper accounts.

I considered the above instances of noncompliance in forming my opinion on whether the Village of Epps' 1996 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated June 25, 1997, on these general purpose financial statements.

I noted a certain immaterial instance of noncompliance that I have reported to the management of the Village of Epps in a separate letter dated June 25, 1997.

The audit report for the year ended December 31, 1995, included a finding related to the need to comply with the Local Government Budget Act and compliance with property tax propositions. Those findings have not been resolved by management as discussed above.

This report is intended for the information of the mayor and board of aldermen of the Village of Epps, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Charles L. James
Auditor, Louisiana
June 25, 1997

M. Carlson Dumas
CERTIFIED PUBLIC ACCOUNTANT

305 HUNTERDALE ROAD • CALICOUP, LOUISIANA 71225 • TELEPHONE 218-2641-2726

**Independent Auditor's Report on Compliance
With General Requirements Applicable to
Federal Financial Assistance Programs**

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana**

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1996, and for the year then ended, and have issued my report dated June 25, 1997.

I have applied procedures to test the Village of Epps' compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Epps' compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Village of Epps had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed material instances of noncompliance with those requirements that I have reported to the management of the Village of Epps in a separate letter dated June 25, 1997.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

Independent Auditor's Report
on Compliance With General
Requirements, etc.,
December 31, 1996

This report is intended for the information of the mayor and board of aldermen of the Village of Epps, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Robert L. Davis

June 23, 1997

M. Gordon Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance With Specific
Requirements Applicable to Major Federal
Financial Assistance Programs**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1986, and for the year then ended, and have issued my report thereon dated June 25, 1987.

I have also audited the Village of Epps' compliance with the requirements governing types of services allowed, matching, reporting, and special requirements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1986. The management of the Village of Epps is responsible for the village's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit of compliance with these requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Office of Management and Budget Circular A-128, Audit of State and Local Governments*; and the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program* (1985 advice). These standards, OMB Circular A-128, and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Epps' compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Village of Epps complied, in all material respects, with the requirements governing types of services allowed, matching, reporting, and special requirements that are applicable to its major federal financial assistance program for the year ended December 31, 1986.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana
Independent Auditor's Report on
Compliance with Specific Requirements
Applicable to Major Federal Financial
Assistance Programs, etc.

This report is intended for the information of the mayor and board of aldermen of the Village of Epps, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Arthur D. Jones
Cattree, Louisiana
June 23, 1997

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance With
Specific Requirements Applicable to Nonmajor
Federal Financial Assistance Program Transactions**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1986, and for the year then ended, and have issued my report thereon dated June 25, 1987.

In connection with my audit of the general purpose financial statements of the Village of Epps and with my consideration of the Village of Epps' internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audit of State and Local Governments* and the United States Department of Agriculture *Farmer Home Administration (FmHA) Audit Program* (1989 edition), I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1986. As required by OMB Circular A-128 and the FmHA audit program, I have performed auditing procedures to test compliance with the requirements governing types of services allowed, reporting, and special requirements that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Epps' compliance with those requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Village of Epps had not complied, in all material respects, with those requirements.

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS**

Epps, Louisiana

*Independent Auditor's Report
on Compliance With Specific
Requirements, etc.,
December 31, 1996*

The audit report for the year ended December 31, 1996, included a finding related to recordkeeping. That finding has been resolved by management of the village.

This report is intended for the information of the mayor and board of aldermen of the Village of Epps, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Coffman, Louisiana

June 25, 1997

M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

309 DONALDSON ROAD • COLLEEN, LOUISIANA 71223 • TELEPHONE 338-544-5326

**Independent Auditor's Report on the Internal Control
Structure Based on an Audit of General Purpose
Financial Statements Performed in Accordance with
Government Auditing Standards**

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1996, and for the year ended, and have issued my report thereon dated June 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128 *Audit of State and Local Governments*; and the United States Department of Agriculture *Farmer Home Administration (FHA) Audit Program* (1989-edition). These standards, OMB Circular A-128 and the FHFA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Village of Epps is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana
Independent Auditor's Report
on Internal Control, etc.,
December 31, 1996

In planning and performing my audit of the general purpose financial statements of the Village of Epps, for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I considered to be material weaknesses as defined above.

This report is intended for the information of the mayor and board of aldermen of the Village of Epps, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Arthur R. Jones
Caldwell, Louisiana
June 25, 1997

M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs**

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana**

I have audited the general purpose financial statements of the Village of Epps as of December 31, 1996, and for the year then ended, and have issued my report thereon dated June 25, 1997. I have also audited the compliance of the Village of Epps with requirements applicable to its major federal financial assistance program and have issued my report thereon dated June 25, 1997.

I conducted my audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-118, *Audit of State and Local Governments*; and the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program*, (1989 edition). These standards, OMB Circular A-328, and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements and about whether the Village of Epps complied with laws and regulations, noncompliance with which would be material to its major federal financial assistance program.

In planning and performing my audits for the year ended December 31, 1996, I considered the internal control structure of the Village of Epps in order to determine my auditing procedures for the purpose of expressing my opinions on the general purpose financial statements of the Village of Epps and on the compliance of the Village of Epps with requirements applicable to its major program and to report on the internal control structure in accordance with OMB Circular A-118 and the FmHA audit program. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated June 25, 1997.

**MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Ipps, Louisiana**

**Independent Auditor's Report
on Internal Control Structure
Used in Administering Federal Financial
Assistance Programs, etc.**

The management of the Village of Ipps is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure in future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting:

- Revenue, receivables and receipts
- Expenditures
- Debt and debt service

General Requirements:

- Political activity
- Civil rights
- Davis-Bacon Act
- Cash management
- Federal financial reports
- Allowable cost/cost principles
- Drug-Free Workplace Act
- Administrative requirements

Specific Requirements:

- Types of services allowed
- Reporting
- Special requirements
- Claims for advances and reimbursements

MAYOR AND BOARD
OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana
Independent Auditor's Report
on Internal Control Structure
Used in Administering Federal Financial
Assistance Programs, etc.

Amounts claimed or used for matching

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended December 31, 1986, 32 per cent of the village's total federal financial assistance was under its major federal financial assistance program which is identified in the accompanying Schedule of Federal Financial Assistance.

I performed tests of controls, as required by GMB Circular A-128 and the FIDIA audit program, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with general and specific requirements, claims for advances and amounts claimed or used for matching that are applicable to the village's major program, which is identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance programs would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the mayor and board of aldermen of the Village of Epps, management of the village, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Civilian, Louisiana

June 28, 1987