

**VILLAGE OF EPPS  
Epps, Louisiana**

**Annual Financial Statements**

**As of and for the Year Ended  
December 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 6-16-04

VILLAGE OF EPPS  
Epps, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2003

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*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

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**Accountant's Compilation Report**

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

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of Epps as of December 31, 2003, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated June 1, 2004, on the results of my agreed-upon procedures.

*Carleen Dumas*  
Calhoun, Louisiana  
June 1, 2004

VILLAGE OF EPPS  
Epps, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2003

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, 2003. Please read it in conjunction with the Village's financial statements that begin on page 10.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 10 through 11 provide information about the activities of the Village as a whole. Fund financial statements begin on page 12. For governmental activities, these 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 on page 10 with the Statement of Net Assets and on page 11 with 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**

Our analysis of the Village's funds begin on page 12. The fund financial statements provide more detailed information about the Village's funds. 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 OF EPPS  
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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended December 31, 2003

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 \$61,126 during 2003. The decrease in net assets is primarily due to the Village's water and sewer system revenues being inadequate to cover the cost of operating the water and sewer system. 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	
	2003	2002	2003	2002	2003	2002
<b>Assets</b>						
Current assets	\$47,020	\$100,895	\$38,232	\$20,088	\$85,252	\$120,983
Restricted assets			25,755	25,528	25,755	25,528
Capital assets	423,092	436,181	1,058,471	1,123,269	1,481,563	1,559,450
Total assets	470,112	537,076	1,122,458	1,168,885	1,592,570	1,705,961
<b>Liabilities</b>						
Current liabilities	40,036	82,378	30,068	26,332	70,104	108,710
Long-term liabilities	NONE	NONE	430,990	444,649	430,990	444,649
Total liabilities	40,036	82,378	461,058	470,981	501,094	553,359
<b>Net Assets</b>						
Invested in capital assets	423,092	436,181	627,481	678,620	1,050,573	1,114,801
Restricted			25,755	25,528	25,755	25,528
Unrestricted	6,984	18,517	8,164	(6,244)	15,148	12,273
Total net assets	430,076	454,698	661,400	697,904	1,091,476	1,152,602

VILLAGE OF EPPS  
 Epps, Louisiana  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended December 31, 2003

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2003	2002	2003	2002	2003	2002
<b>Program revenues</b>						
Charges for services	\$139,979	\$126,133	\$114,961	\$121,203	\$254,940	\$247,336
Operating grants	28,459	77,777			28,459	77,777
<b>General revenues</b>						
Property taxes			4,874	5,307	4,874	5,307
Franchise taxes	13,401	11,383			13,401	11,383
Investment earnings		801	388	318	388	1,119
Other	5,364	7,725			5,364	7,725
<b>Transfers</b>	<u>(14,699)</u>	<u>(6,000)</u>	<u>14,699</u>	<u>6,000</u>		
Total revenue and transfers	<u>172,504</u>	<u>217,819</u>	<u>134,922</u>	<u>132,828</u>	<u>307,426</u>	<u>350,647</u>
<b>Program expenses</b>						
General government	197,121	195,917			197,121	195,917
Community development	5	59			5	59
Water and sewer			171,426	196,297	171,426	196,297
Total expenses	<u>197,126</u>	<u>195,976</u>	<u>171,426</u>	<u>196,297</u>	<u>368,552</u>	<u>392,273</u>
Change in net assets	(24,622)	21,843	(36,504)	(63,469)	(61,126)	(41,262)
Net assets - beginning	454,698	432,855	697,904	761,373	1,152,602	1,194,228
Net assets - ending	<u>\$430,076</u>	<u>\$454,698</u>	<u>\$661,400</u>	<u>\$697,904</u>	<u>\$1,091,476</u>	<u>\$1,152,602</u>

The Village's total revenues decreased \$43,221 in 2003 primarily due to receiving less in federal grants. Charges for services increased \$7,604 primarily due to an increase in rent revenue. Total expenses decreased \$23,721 due to a decrease in health insurance costs during 2003.

**Governmental Funds**

The revenue from governmental activities decreased \$45,315 from revenues of the prior year due to a \$46,745 decrease in federal grants. The expenses of the governmental activities increased \$1,150 from the prior year amount.

**Business-Type Activities**

The Village's charges for services for its business-type activities decreased \$6,242 from the prior year. Transfers from the General Fund increased \$8,699. Total expenses decreased \$24,871 primarily due the General Fund incurring more of the salary expenses of the Village as a whole.

**VILLAGE OF EPPS**  
Epps, Louisiana  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2003

**OVERALL FINANCIAL POSITION**

The Village's net assets decreased \$61,126 as a result of this year's operations. Unrestricted net assets (those assets available to finance the daily operations of the Village) were \$15,148 at year end. Assets restricted for debt service were \$25,755 at year end. The amount invested in capital assets, net of related debt, was \$1,050,573 at year end.

**VILLAGE'S FUNDS**

At the end of the year, the Village's General Fund reported an unreserved fund balance of \$7,048. The decrease in unreserved fund balance for 2003 was \$11,528 due primarily to a transfer to the Water and Sewer Enterprise Fund. The Water and Sewer Enterprise Fund reported unrestricted net assets of \$8,164 at year end. The decrease in net assets was \$36,504 for 2003. The decrease in net assets was a result of operating revenues being insufficient to cover the cost of operations including depreciation expense. The LCDBG Capital Projects Fund reported a deficit fund balance of \$64 at year end. Net assets decreased \$5 during 2003 in the LCDBG Capital Projects Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village did not amend its General Fund during 2003. At year end, actual revenues were \$5,903 more than budgeted revenues and actual expenditures and other financing uses were \$34,234 more than budgeted expenditures and other financing uses. 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 \$1,481,563. Capital assets include land, buildings, the water and sewer systems and improvements, vehicles and equipment, and construction in progress, 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 Village's only addition to capital assets during 2003 was recreational equipment costing \$2,245. Additional information about the Village's capital assets is presented in Note 6 to the financial statements.



**VILLAGE OF EPPS**  
Epps, Louisiana  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2003

**Debt**

At year end the Village had \$430,990 in revenue bonds payable. The Village also had a \$15,000 short-term bank loan payable at year end. Additional information about the Village's debt is presented in Note 8 and Note 9 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Village prepared its 2004 budgets on the assumption that revenues and expenditures will remain fairly constant next year. The Village does anticipate an increase in revenues and expenditures during 2004 for the LCDBG Capital Projects Funds due to the ongoing sewer system improvement project. The Village expects its revenues and expenses of the Water and Sewer Enterprise Fund to remain fairly constant for 2004.

**BASIC FINANCIAL STATEMENTS**

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF NET ASSETS  
December 31, 2003

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash	\$30,726	\$17,538	\$48,264
Receivables (net of allowances for uncollectibles)	16,294	20,694	36,988
Restricted assets		25,755	25,755
Capital assets (net)	423,092	1,058,471	1,481,563
<b>TOTAL ASSETS</b>	<u>470,112</u>	<u>1,122,458</u>	<u>1,592,570</u>
<b>LIABILITIES</b>			
Accounts payable	14,509	4,718	19,227
Payroll withholdings payable	1,527		1,527
Sales tax payable		1,177	1,177
Deferred revenue	9,000	5,600	14,600
Bank loan payable	15,000		15,000
Customer deposits		9,227	9,227
Accrued interest payable		9,346	9,346
Bonds payable		430,990	430,990
<b>TOTAL LIABILITIES</b>	<u>40,036</u>	<u>461,058</u>	<u>501,094</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	423,092	627,481	1,050,573
Restricted for debt service		25,755	25,755
Unrestricted	6,984	8,164	15,148
<b>TOTAL NET ASSETS</b>	<u>\$430,076</u>	<u>\$661,400</u>	<u>\$1,091,476</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2003

	.. Program Revenues..		Net (Expense) Revenue and	
	Expenses	Charges for Services	Operating Grants	Changes in Net Assets
				Business- Type Activities
				Total
<b>GOVERNMENTAL ACTIVITIES:</b>				
General government	\$197,121	\$139,979	\$22,159	(\$34,983)
Community development	5		6,300	6,295
Total governmental activities	197,126	139,979	28,459	(28,688)
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water and sewer service	171,426	114,961		(56,465)
Total government	\$368,552	\$254,940	\$28,459	(\$85,153)
<b>GENERAL REVENUES:</b>				
Property taxes			4,874	4,874
Franchise taxes			13,401	13,401
Investment earnings			388	388
Other revenues		5,364		5,364
Transfers		(14,699)	14,699	
Total general revenues and transfers		4,066	19,961	24,027
<b>CHANGE IN NET ASSETS</b>		(24,622)	(36,504)	(61,126)
<b>NET ASSETS - BEGINNING</b>		454,698	697,904	1,152,602
<b>NET ASSETS - ENDING</b>		\$430,076	\$661,400	\$1,091,476

See accompanying notes and accountant's compilation report.



**VILLAGE OF EPPS**  
Epps, Louisiana

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
December 31, 2003

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$30,690	\$36	\$30,726
Receivables	16,294		16,294
Due from other funds	100		100
<b>TOTAL ASSETS</b>	<b>\$47,084</b>	<b>\$36</b>	<b>\$47,120</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$14,509		\$14,509
Payroll withholdings payable	1,527		1,527
Due to other funds		\$100	100
Deferred revenue	9,000		
Bank loan payable	15,000		15,000
Total liabilities	40,036	100	31,136
Fund balance - unreserved	7,048	(64)	6,984
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$47,084</b>	<b>\$36</b>	<b>\$47,120</b>

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

Fund balances - unreserved - Total Governmental Funds	\$6,984
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	423,092
Net assets of governmental activities (Statement A)	<u>\$430,076</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2003

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Franchise taxes	\$13,401		\$13,401
Licenses and permits	12,838		12,838
Intergovernmental revenue:			
Federal grants	9,159	\$6,300	15,459
State grants	13,000		13,000
Fines	21,561		21,561
Rent	105,580		105,580
Other revenues	5,364		5,364
Total revenues	<u>180,903</u>	<u>6,300</u>	<u>187,203</u>
<b>EXPENDITURES</b>			
General government:			
Personal services	91,958		91,958
Operating services	78,144	5	78,149
Materials and supplies	5,385		5,385
Capital outlay	2,245		2,245
Community development - facilities construction		6,300	6,300
Total expenditures	<u>177,732</u>	<u>6,305</u>	<u>184,037</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	3,171	(5)	3,166
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(14,699)</u>	<u>NONE</u>	<u>(14,699)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(11,528)</u>	<u>(5)</u>	<u>(11,533)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>18,576</u>	<u>(59)</u>	<u>18,517</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$7,048</u>	<u>(\$64)</u>	<u>\$6,984</u>

(Continued)

See accompanying notes and accountant's compilation 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, 2003

	<u>General Fund</u>	<u>LCDBG Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities:</b>			
Net change in fund balances - Total Governmental Funds			(\$11,533)
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because: Governmental funds report capital outlays 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 in the current period.			(13,089)
Change in net assets of governmental activities (Statement B)			<u><u>(\$24,622)</u></u>

(Concluded)

See accompanying notes and accountant's compilation report.

## Statement E

**VILLAGE OF EPPS**  
Epps, Louisiana

**STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES**  
December 31, 2001

	<u>Water and Sewer Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$17,538
Accounts receivable (net of allowance for doubtful accounts)	<u>20,694</u>
Total current assets	<u>38,232</u>
Noncurrent assets:	
Restricted assets - cash equivalents	25,755
Capital assets (net of accumulated depreciation)	<u>1,058,471</u>
Total noncurrent assets	<u>1,084,226</u>
Total assets	<u>1,122,458</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$4,718
Sales tax payable	1,177
Deferred revenue	5,600
Accrued interest payable	9,346
Current portion of long-term debt	13,685
Customer deposits	<u>9,227</u>
Total current liabilities	43,753
Noncurrent liabilities:	
Long-term debt - revenue bonds payable	<u>417,305</u>
Total liabilities	<u>461,058</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	627,481
Restricted for debt service	25,755
Unrestricted	<u>8,164</u>
Total net assets	<u>\$661,400</u>

See accompanying notes and accountant's compilation report.



## Statement F

VILLAGE OF EPPS  
Epps, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES  
For the Year Ended December 31, 2003

	Water and Sewer Enterprise Fund
<b>OPERATING REVENUES</b>	
Water sales	\$65,053
Sewer fees	47,499
Penalties	2,408
Total operating revenue	<u>114,960</u>
<b>OPERATING EXPENSES</b>	
Office expense	1,374
Repairs and maintenance	5,227
Utilities and telephone	16,886
Supplies	4,760
Insurance	1,712
Salaries	35,239
Legal and accounting	2,937
Gas, oil, and fuel	1,811
Fees and dues	2,330
Water analysis	3,772
Taxes and licenses	1,128
Payroll taxes	2,711
Depreciation	64,798
Other operating expenses	3,819
Total operating expenses	<u>148,504</u>
<b>OPERATING INCOME (Loss)</b>	<u>(33,544)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Interest earned on deposits	388
Property taxes	4,874
Transfers in	14,699
Interest expense	(22,921)
Total non-operating revenues	<u>(2,960)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(36,504)</u>
<b>NET ASSETS - BEGINNING</b>	<u>697,904</u>
<b>NET ASSETS - ENDING</b>	<u>\$661,400</u>

See accompanying notes and accountant's compilation report.

**VILLAGE OF EPPS**  
Epps, Louisiana

**STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES**  
For the Year Ended December 31, 2003

	<u>Water and Sewer Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$114,814
Payments to suppliers	(52,863)
Payments to employees	(35,239)
Net cash provided by operating activities	<u>26,712</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from General Fund	14,699
Property taxes	9,732
Net cash provided by noncapital financing activities	<u>24,431</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital debt	(13,659)
Interest paid on capital debt	(22,638)
Increase in restricted cash and cash equivalents	(227)
Net cash used by capital and related financing activities	<u>(36,524)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	388
<b>NET INCREASE IN CASH</b>	<u>15,007</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>2,531</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$17,538</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	<u>(\$33,544)</u>
Adjustments:	
Depreciation	64,798
Increase in accounts receivable	(1,417)
Increase in accounts and taxes payable	3,394
Decrease in due to other funds	(6,519)
Total adjustments	<u>60,256</u>
Net cash provided by operating activities	<u><u>\$26,712</u></u>

See accountant's compilation report and accompanying notes.

**VILLAGE OF EPPS**  
Epps, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2003

**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, 2006. The aldermen receive a per diem of \$75 per month. The village provides public safety and general government 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 accountant's compilation report.



**VILLAGE OF EPPS**  
**Notes to the Financial Statements**

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.

See accountant's compilation report.



**VILLAGE OF EPPS**  
**Notes to the Financial Statements**

**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 sewerage system.

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 operating 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.

See accountant's compilation report.

**VILLAGE OF EPPS**  
**Notes to the Financial Statements**

**C. Deposits**

The village's cash and cash equivalents are amounts in demand deposits, interest-bearing 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**

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."

All 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.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended December 31, 2003, the village levied 5.87 mills for operations of the Water and Sewer Enterprise Fund.

**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.

**F. Capital Assets**

Capital assets, which include land, buildings, the water and sewer systems and improvements, vehicles and equipment, and construction in progress 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. Approximately 70 percent of the village's capital assets have been capitalized at cost and the remaining 30 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.

See accountant's compilation report.

**VILLAGE OF EPPS**  
**Notes to the Financial Statements**

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest has been incurred in connection with the construction during the year ended December 31, 2003.

All capital assets, other than land and construction in progress, 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

**F. 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.

**G. 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.

**H. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At December 31, 2003, the village's governmental fund balances were unreserved and undesignated.

See accountant's compilation report.



VILLAGE OF EPPS  
Notes to the Financial Statements

I. 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.

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 each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There were no budget amendments during the year ended December 31, 2003.

B. Excess of Expenditures Over Appropriations

The following individual fund had actual expenditures and other financing uses over budgeted appropriations for the year ended December 31, 2003:

	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	<u>\$158,197</u>	<u>\$158,197</u>	<u>\$192,431</u>	<u>\$34,234</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2003, the village has cash and cash equivalents (book balances) as follows:

Checking accounts	\$48,264
Short-term investments - certificates of deposit	<u>25,755</u>
Total	<u>\$74,019</u>

See accountant's compilation report.



VILLAGE OF EPPS  
Notes to the Financial Statements

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. These deposits are secured from risk by federal deposit insurance.

**4. RECEIVABLES**

The following is a summary of receivables at December 31, 2003:

	General Fund	Water and Sewer Enterprise Fund	Total
Property taxes		\$742	\$742
Franchise taxes	\$3,294		3,294
State grant	13,000		13,000
Accounts		21,558	21,558
Allowance for doubtful accounts	NONE	(1,606)	(1,606)
Total	<u>\$16,294</u>	<u>\$20,694</u>	<u>\$36,988</u>

**5. INTERFUND RECEIVABLES/PAYABLES**

The following is a summary of interfund receivables and payables at December 31, 2003:

	Due From Other Funds	Due To Other Funds
General Fund	\$100	
LCDBG Capital Projects Fund		\$100
Total	<u>\$100</u>	<u>\$100</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 at the end of the grant period.

See accountant's compilation report.

VILLAGE OF EPPS  
Notes to the Financial Statements

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003, is as follows:

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$38,000			\$38,000
Construction in progress	53,045	\$6,300		59,345
	<u>\$91,045</u>	<u>\$6,300</u>	<u>NONE</u>	<u>\$97,345</u>
Capital assets being depreciated:				
Buildings	\$426,039			\$426,039
Vehicles and equipment	100,180	\$2,245		102,425
Total capital assets being depreciated	<u>526,219</u>	<u>2,245</u>	<u>NONE</u>	<u>528,464</u>
Less accumulated depreciation for:				
Buildings	143,885	10,651		154,536
Vehicles and equipment	37,198	10,983		48,181
Total accumulated depreciation	<u>181,083</u>	<u>21,634</u>	<u>NONE</u>	<u>202,717</u>
Total assets being depreciated, net	<u>\$345,136</u>	<u>(\$19,389)</u>	<u>NONE</u>	<u>\$325,747</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Water and sewer systems and improvements	\$1,759,757			\$1,759,757
Building	2,618			2,618
Equipment	17,454			17,454
Total capital assets being depreciated	<u>1,779,829</u>	<u>NONE</u>	<u>NONE</u>	<u>1,779,829</u>

See accountant's compilation report.

VILLAGE OF EPPS  
Notes to the Financial Statements

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Less accumulated depreciation for:				
Water and sewer systems and improvements	\$648,935	\$62,948		\$711,883
Building	401	104		505
Equipment	7,224	1,746		8,970
Total accumulated depreciation	<u>656,560</u>	<u>64,798</u>	<u>NONE</u>	<u>721,358</u>
Total assets being depreciated, net	<u>\$1,123,269</u>	<u>(\$64,798)</u>	<u>NONE</u>	<u>\$1,058,471</u>

Depreciation expense of \$21,634 was charged to the general government governmental function and \$64,798 was charged to the water and sewer business-type activities function for the year ended December 31, 2003.

7. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended December 31, 2003:

	Transfer In	Transfer Out
General Fund		\$14,699
Water and Sewer Enterprise Fund	\$14,699	
Total	<u>\$14,699</u>	<u>\$14,699</u>

The transfer was made to pay a portion of the annual debt service on the Water and Sewer Enterprise Fund's revenue bonds payable.

8. SHORT-TERM BANK LOAN

On December 5, 2003, the Village of Epps borrowed \$15,000 to purchase recreational equipment and repair buildings. The loan bears interest at 6.5 percent and was to be repaid on December 30, 2003. The village did not repay the loan until February 3, 2004. The following is a summary of short-term debt (bank loan payable) transactions for the year ended December 31, 2003:

See accountant's compilation report.

VILLAGE OF EPPS  
Notes to the Financial Statements

Bank loan payable at January 1, 2003	NONE
Additions	\$15,000
Reductions	<u>NONE</u>
Bank loan payable at December 31, 2003	<u>\$15,000</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2003:

Revenue bonds payable at January 1, 2003	\$444,649
Additions	NONE
Reductions	<u>(13,659)</u>
Revenue bonds payable at December 31, 2003	<u>\$430,990</u>

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, 2003:

Current portion	\$13,685
Long-term portion	<u>417,305</u>
Total	<u>\$430,990</u>

All outstanding long-term debt at December 31, 2003, in the amount of \$430,990 are revenue bonds payable with maturities from 2004 until 2029 and 4.5% to 6.125% interest rates. Loan principal and interest payable in the next fiscal year are \$13,685 and \$22,612, respectively. The individual bonds are as follows:

	<u>\$237,000</u>	<u>\$13,000</u>	<u>\$359,000</u>
	<u>Bonds</u>	<u>Bonds</u>	<u>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	4/5/28	5/20/22
Interest to maturity	\$195,830	\$10,469	\$89,937
Principal outstanding	\$203,285	\$11,193	\$216,512

See accountant's compilation report.



**VILLAGE OF EPPS**  
**Notes to the Financial Statements**

	<u>\$237,000</u>	<u>\$13,000</u>	<u>\$359,000</u>
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>
	<u>Water</u>	<u>Water</u>	<u>Sewer</u>
Funding source	revenue	revenue	revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>Payments</u>	<u>Payments</u>	
2004	\$13,685	\$22,612	\$36,297
2005	14,359	21,938	36,297
2006	15,067	21,230	36,297
2007	15,810	20,487	36,297
2008	16,590	19,707	36,297
2009 - 2013	96,109	85,195	181,304
2014 - 2018	122,456	59,028	181,484
2019 - 2023	64,792	31,975	96,767
2024 - 2028	69,544	13,909	83,453
2029	<u>2,578</u>	<u>155</u>	<u>2,733</u>
Total	<u>\$430,990</u>	<u>\$296,236</u>	<u>\$727,226</u>

**10. 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 9 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

See accountant's compilation report.

VILLAGE OF EPPS  
Notes to the Financial Statements

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 9 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, 2003 the district has \$25,755, 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, 2003:

Reserve for revenue bonds payable at January 1, 2003	\$25,528
Interest earnings	<u>227</u>
Reserve for bonds payable at December 31, 2003	<u>\$25,755</u>

**11. FEDERAL GRANT CONTINGENCIES**

During the year ended December 31, 2003, the Village of Epps received federal grant funds totaling \$6,300. These grant funds are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with the conditions of the grant. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

See accountant's compilation report.

**VILLAGE OF EPPS**  
**Notes to the Financial Statements**

**12. RISK MANAGEMENT**

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.

**13. CONTINGENT LIABILITIES**

The village is involved in one lawsuit at December 31, 2003 that has been ongoing for several years. It is the opinion of the village's legal counsel that any liability to the village would be covered by insurance; therefore, no provision for any liability that may result is recorded in the accompanying financial statements.

**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. The village received \$103,000 in connection with the agreement for the year ended December 31, 2003.

See accountant's compilation report.

**REQUIRED SUPPLEMENTAL INFORMATION**

See accountant's compilation 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, 2003

	Budgeted .....Amounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Franchise taxes	\$11,500	\$11,500	\$13,401	\$1,901
Licenses and permits	13,500	13,500	12,838	(662)
Intergovernmental revenue:				
Federal grant			9,159	9,159
State grants	15,000	15,000	13,000	(2,000)
Fines	19,000	19,000	21,561	2,561
Rent	111,500	111,500	105,580	(5,920)
Other revenue	4,500	4,500	5,364	864
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>180,903</u>	<u>5,903</u>
<b>EXPENDITURES</b>				
General government:				
Personal services	90,000	90,000	91,958	(1,958)
Operating services	63,437	63,437	78,144	(14,707)
Materials and supplies	4,760	4,760	5,385	(625)
Capital outlay			2,245	(2,245)
Total expenditures	<u>158,197</u>	<u>158,197</u>	<u>177,732</u>	<u>(19,535)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	16,803	16,803	3,171	(13,632)
<b>OTHER FINANCING USES</b>				
Transfers out	<u>NONE</u>	<u>NONE</u>	<u>(14,699)</u>	<u>(14,699)</u>
<b>NET CHANGE IN FUND BALANCE</b>	16,803	16,803	(11,528)	(28,331)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>15,523</u>	<u>15,523</u>	<u>18,576</u>	<u>3,053</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$32,326</u>	<u>\$32,326</u>	<u>\$7,048</u>	<u>(\$25,278)</u>

There were no budget amendments during the year ended December 31, 2003.

See accountant's compilation report.

**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's compilation report.

**VILLAGE OF EPPS**  
Epps, Louisiana

**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**  
As of and For the Year Ended December 31, 2003

**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 \$75 per month.

**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.

See accountant's compilation report.

**Schedule 2**

**VILLAGE OF EPPS  
Epps, Louisiana**

**Schedule of Per Diem Paid Aldermen  
For the Year Ended December 31, 2003**

Maggie Hale	\$900
Katherine Johnson	900
Faye White	<u>900</u>
Total	<u>\$2,700</u>

See accountant's compilation report.



VILLAGE OF EPPS  
Epps, Louisiana

STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
Procedure 7	2002	Need to Adopt Budget Amendments	No	See current year findings.
2001-1	2002	Need to Maintain Time Sheets for Hourly Employees	Yes	N/A
2001-1	2002	Need to Deposit Payroll Taxes on a Timely Basis	Yes	N/A
2001-1	2002	Need to Issue Checks in Numerical Order	Yes	N/A
	2002	Need to Properly Post Adjustments to Accounts Receivable	Yes	N/A

See accountant's compilation report.

VILLAGE OF EPPS  
Epps, Louisiana

CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2003

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 6	The 2003 budget was not adopted prior to January 1, 2003.	The 2005 budget will be adopted prior to January 1, 2005.	Loretta Green, Mayor	12/31/04
Procedure 7	Actual General Fund expenditures and other financing uses exceeded budgeted expenditures by \$34,234 or 22%.	The village's accountant will monitor the budget for 2004 and will notify the village when actual expenditures exceed budgeted expenditures.	Loretta Green, Mayor	12/31/04

See accountant's compilation report.

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

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

*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

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

MAYOR AND BOARD OF ALDERMEN  
VILLAGE OF EPPS  
Epps, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the Village of Epps and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Epps' compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of 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 \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursement journals for the year. There were no disbursements for materials and supplies exceeding \$15,000 nor were there any disbursements for public works exceeding \$100,000 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 each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

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



**VILLAGE OF EPPS**  
**Independent Accountant's Report on**  
**Applying Agreed-Upon Procedures**  
**December 31, 2003**

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

Management provided me with the required list.

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

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

**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 budget amendments.

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

The 2003 budget was adopted at the February 7, 2003 board meeting.

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

Actual General Fund revenues exceeded budgeted revenues. Actual General Fund expenditures and other financing uses exceeded budgeted expenditures and other financing uses by \$34,234 or 22%.

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

VILLAGE OF EPPS  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 2003

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments 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 42:1-12 (the opening meetings law).

The agendas for the meetings were posted as required by LSA-RS 42:7.

**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 proceeds from a \$15,000 short-term bank loan.

**Advances and Bonuses**

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

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

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.

**VILLAGE OF EPPS**  
**Independent Accountant's Report on**  
**Applying Agreed-Upon Procedures**  
**December 31, 2003**

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.

*Carlisle Dumas*

Calhoun, Louisiana  
June 1, 2004

## Louisiana Attestation Questionnaire

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



M. Carleen Dumas  
Certified Public Accountant  
369 Donaldson Rd.  
Calhoun, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Village of Epps of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of \_\_\_\_\_.

#### **PUBLIC BID LAW**

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

Yes  No  N/A

#### **CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

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

Yes  No  N/A

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

Yes  No  N/A

## BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes [] No [ ] N/A [ ]

## ACCOUNTING AND REPORTING

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

Yes [] No [ ] N/A [ ]

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

Yes [] No [ ] N/A [ ]

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

Yes [] No [ ] N/A [ ]

## MEETINGS

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

Yes [] No [ ] N/A [ ]

## DEBT

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

Yes [] No [ ] N/A [ ]

## ADVANCES AND BONUSES

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

Yes [] No [ ] N/A [ ]

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

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

  
Mayor

3-17-04  
Date