

VILLAGE OF EPPS, LOUISIANA

*Financial Statements
For the Year Ended December 31, 2017*



VILLAGE OF EPPS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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VILLAGE OF EPPS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Mayor and Board of Aldermen
Village of Epps
Epps, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Epps, Louisiana (the Village), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

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



To the Mayor and Board of Aldermen
Village of Epps
Epps, Louisiana

Other Matters

The accompanying schedule of compensation, reimbursements, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and page 31, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. I have not audited or reviewed such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

Maxwell CPA, LLC

Monroe, Louisiana
December 4, 2018

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

VILLAGE OF EPPS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

As management of the Village of Epps, we offer readers of the Village of Epps' financial statements this narrative overview and analysis of the financial activities of the Village of Epps for the year ended December 31, 2017. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Village's financial position, and identify material deviations and individual fund issues or concerns.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information ("RSI") that is provided in addition to this Management Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the fiscal year by \$1,450,468 (net position). Of this amount, \$25,398 (unrestricted net position) represents the portion of net position that is not invested in capital assets or otherwise restricted.
- The government's total net position decreased by \$74,674.
- As of the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$717,994 a decrease of \$22,085 in comparison with the prior year. Of this total amount, none is available for spending at the government's discretion (unassigned fund balance). There is a deficit of \$11,239.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Epps' basic financial statements. The Village of Epps' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Epps' finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Village of Epps' assets and liabilities, with the difference between the two reported as net position may serve as a useful indicator of whether the financial position of the Village of Epps is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expense are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Epps that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of the costs through user fees and charges (business-type activities). The governmental activities of the Village of Epps include general government, public safety, sanitation, and public works. The business-type activities of the Village of Epps include water and sewer.

The government-wide financial statements can be found on pages 11 and 12 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Epps like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Village of Epps can be divided into two categories: governmental funds and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Epps maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and LDCB Grant Fund, all of which are considered to be major funds.

The Village of Epps adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

PROPRIETARY FUNDS

The Village of Epps maintains one proprietary fund. Enterprise funds are used to report the same functions presented as a business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information the government-wide financial statements, only in more detail.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Epps' compliance with budgets for its major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Epps, assets exceeded liabilities by approximately \$1,450,468, at the close of the most recent fiscal year.

Village of Epps, Louisiana
Management Discussion and Analysis (continued)

By far the largest amount of the Village of Epps' net assets (\$1,425,070) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Epps uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Epps investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Current & other assets	\$ 3,230	\$ 21,775	\$ 50,756	\$ 44,297	\$ 53,986	\$ 66,072
Capital assets	<u>729,233</u>	<u>743,411</u>	<u>865,965</u>	<u>946,927</u>	<u>1,595,198</u>	<u>1,690,338</u>
Total assets	<u>\$ 732,463</u>	<u>\$ 765,186</u>	<u>\$ 916,721</u>	<u>\$ 991,224</u>	<u>\$ 1,649,184</u>	<u>\$ 1,756,410</u>
Current & other liabilities	\$ 14,469	\$ 25,107	\$ 14,119	\$ 9,989	\$ 28,588	\$ 35,096
Long-Term liabilities	<u>-</u>	<u>-</u>	<u>170,128</u>	<u>196,172</u>	<u>170,128</u>	<u>196,172</u>
Total liabilities	\$ 14,469	\$ 25,107	\$ 184,247	\$ 206,161	\$ 198,716	\$ 231,268
Net Position:						
Invested in Capital Assets						
net of related debt	\$ 729,233	\$ 743,411	\$ 695,837	\$ 725,697	\$ 1,425,070	\$ 1,469,108
Restricted	-	-	-	-	-	-
Unrestricted	<u>(11,239)</u>	<u>(3,332)</u>	<u>36,637</u>	<u>59,366</u>	<u>25,398</u>	<u>56,034</u>
Total net position	<u>\$ 717,994</u>	<u>\$ 740,079</u>	<u>\$ 732,474</u>	<u>\$ 785,063</u>	<u>\$ 1,450,468</u>	<u>\$ 1,525,142</u>

The balance of (\$11,239) in unrestricted net position in the governmental activities represents the accumulated results of all past year's operations. Net position decreased by \$22,085 overall from the prior year. The changes in net position are discussed later in this MD&A.

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Village of Epps' net position by \$22,085. Key elements of the changes in net position are as follows:

Village of Epps, Louisiana
Management Discussion and Analysis (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Revenues						
Program Revenues						
Changes for Services	\$ 47,129	\$ 37,651	\$ 167,005	\$ 166,841	\$ 214,134	\$ 204,492
Capital grants & Contributions	22,340	26,894	-	-	22,340	26,894
General Revenues:						
Property taxes	22,881	16,958	-	-	22,881	16,958
Franchise taxes	7,469	7,641	-	-	7,469	7,641
Sales taxes	20,273	21,256	-	-	20,273	21,256
Rent	2,709	5,976	-	-	2,709	5,976
Other general revenues	<u>2,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,485</u>	<u>-</u>
Total Revenues	<u>125,286</u>	<u>116,376</u>	<u>167,005</u>	<u>166,841</u>	<u>292,291</u>	<u>283,217</u>
Expenses:						
General Government	84,476	71,119	-	-	84,476	71,119
Public Works	-	-	216,157	209,265	216,157	209,265
Public Safety and Protection	42,378	50,686	-	-	42,378	50,686
Operating Services	20,647	14,926	-	-	20,647	14,926
Materials and Supplies	3,307	2,180	-	-	3,307	2,180
Travel and Other	-	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expense	<u>150,808</u>	<u>138,911</u>	<u>216,157</u>	<u>209,265</u>	<u>366,965</u>	<u>348,176</u>
Increase (decrease) in net position before transfer	(25,522)	(22,535)	(49,152)	(42,424)	(74,674)	(64,959)
Sale of Land and Capital Assets	-	-	-	-	-	-
Transfers	<u>3,437</u>	<u>(19,639)</u>	<u>(3,437)</u>	<u>19,639</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ (22,085)</u>	<u>\$ (42,174)</u>	<u>\$ (52,589)</u>	<u>\$ (22,785)</u>	<u>\$ (74,674)</u>	<u>\$ (64,959)</u>

Expenses are classified by functions/programs. General government account for approximately \$108,000 while public safety, public works, and sanitation accounts for approximately \$42,000 for the fiscal year 2017. The related program revenues for the fiscal year 2017 directly related to these expenses totaled \$69,500 which resulted in net program expenses of \$81,500. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Franchise, ad valorem tax and sales tax revenues are the largest and most significant source of revenue for the Village of Epps. It provides approximately \$50,000 of general fund revenue.
- Fines and tickets are the second largest revenue source to the Village, generating approximately \$25,000 of general fund revenue.

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the Village of Epps' net position by approximately \$52,500. This decrease was primarily attributable to depreciation expense on capital assets and interest on long-term debt.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village of Epps uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Village of Epps' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Epps' financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village of Epps' governmental funds reported combined ending fund balance deficit of (\$11,239) a decrease of \$7,907 in comparison with the prior year. All of this total amount (\$11,239) constitutes unreserved fund balance deficit, which is available for spending at the Village's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the Village of Epps must adopt a budget for the General Fund and all Special Revenue funds prior to December 31.

The General Fund actual revenues had an unfavorable variance of \$2,914 compared to budgeted revenues. Actual expenditures exceeded the budgeted amount by \$12,031 mainly because of capital outlay that wasn't included in the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village of Epps' investment in capital assets for its governmental and business type activities as of December 31, 2017, amounts to \$1,595,198 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and street improvements.

Renovations to Town Hall were the only capital expenditures in the current fiscal year.

Village of Epps Capital Assets

	<u>12/31/2017</u>	<u>12/31/2016</u>
Land	\$ 158,000	\$ 158,000
Buildings and Improvements	461,998	443,267
Vehicles and Equipment	273,241	288,716
Infrastructure	473,960	473,960
Water and Sewer System	2,749,033	2,749,033
Total	4,116,232	4,112,976
Less Accumulated Depreciation	(2,521,034)	(2,422,638)
Total Capital Assets	\$ 1,595,198	\$ 1,690,338

Village of Epps Outstanding Debt

Revenue Bonds	\$ 170,128	\$ 196,172
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Village of Epps, Louisiana

Management Discussion and Analysis (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Factors considered in preparing the Village of Epps' budget for the 2017 fiscal year included the impact that the property tax reassessments that were completed with increased property values for the Village and determining the amount of revenue that will be generated from that tax. With current economic conditions, property tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Epps' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Clerk, 120 Maple Street, Epps, Louisiana 71237.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ -	\$ 31,638	\$ 31,638
Receivables, net of allowance	11,141	11,207	22,348
Internal Balances	(7,911)	7,911	-
Capital Assets (net)	729,233	865,965	1,595,198
<u>TOTAL ASSETS</u>	<u>\$ 732,463</u>	<u>\$ 916,721</u>	<u>\$ 1,649,184</u>
<u>LIABILITIES</u>			
Cash Overdraft	\$ 717	\$ -	\$ 717
Accounts, Salaries, and Other Payables	13,752	6,359	20,111
Customer Deposits	-	7,173	7,173
Accrued Interest Payable	-	587	587
Bonds Payable, current portion	-	27,379	27,379
Total Current Liabilities	14,469	41,498	55,967
Bonds Payable, long-term portion	-	142,749	142,749
<u>TOTAL LIABILITIES</u>	<u>14,469</u>	<u>184,247</u>	<u>198,716</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	729,233	695,837	1,425,070
Unrestricted (deficit)	(11,239)	36,637	25,398
<u>TOTAL NET POSITION</u>	<u>\$ 717,994</u>	<u>\$ 732,474</u>	<u>\$ 1,450,468</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	
<u>General Government:</u>					
Total Government Activities	\$ 150,808	\$ 47,129	\$ -	\$ 22,340	\$ (81,339)
<u>Business-Type Activities:</u>					
Water and Sewer	216,157	167,005	-	-	(49,152)
<u>Total Primary Government</u>	\$ 366,965	\$ 214,134	\$ -	\$ 22,340	\$ (130,491)

General Revenues:

Property Taxes
Franchise Taxes
Sales Taxes
Other Revenues
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning (restated)

Net Position - Ending

Net (Expense) Revenue and Changes
in Net Position of Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (81,339)	\$ -	\$ (81,339)
<u>-</u>	<u>(49,152)</u>	<u>(49,152)</u>
(81,339)	(49,152)	(130,491)
22,881	-	22,881
7,469	-	7,469
20,273	-	20,273
5,194	-	5,194
3,437	(3,437)	-
<u>59,254</u>	<u>(3,437)</u>	<u>55,817</u>
(22,085)	(52,589)	(74,674)
<u>740,079</u>	<u>785,063</u>	<u>1,525,142</u>
<u>\$ 717,994</u>	<u>\$ 732,474</u>	<u>\$ 1,450,468</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

VILLAGE OF EPPS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General Fund</u>	<u>LCDBG Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Receivables			
Ad Valorem Taxes - Net	11,141	-	11,141
Due From Other Funds	<u>1,827</u>	<u>-</u>	<u>1,827</u>
<u>TOTAL ASSETS</u>	<u>\$ 12,968</u>	<u>\$ -</u>	<u>\$ 12,968</u>
<u>LIABILITIES</u>			
Cash Overdraft	\$ 717	\$ -	\$ 717
Accounts Payable	13,752	-	13,752
Due To Other Funds	<u>9,738</u>	<u>-</u>	<u>9,738</u>
Total Liabilities	<u>24,207</u>	<u>-</u>	<u>24,207</u>
<u>FUND BALANCES</u>			
Assigned - Capital Projects	-	-	-
Unassigned (deficit)	<u>(11,239)</u>	<u>-</u>	<u>(11,239)</u>
Total Fund Balances	<u>(11,239)</u>	<u>-</u>	<u>(11,239)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 12,968</u>	<u>\$ -</u>	<u>\$ 12,968</u>

VILLAGE OF EPPS, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total Governmental Fund Balances \$ (11,239)

*Amounts reported for governmental activities
in the statement of net position are different
because:*

Capital assets used in governmental activities
are not financial resources and therefore are not
reported in the funds, net of depreciation.

729,233

Net Position of Governmental Activities

\$ 717,994

The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u> <u>Fund</u>	<u>LCDBG</u> <u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>			
Taxes:			
Franchise Tax	\$ 7,469	\$ -	\$ 7,469
Ad Valorem Tax	22,881	-	22,881
Sales Tax	20,273	-	20,273
Licenses and Permits	19,241	-	19,241
Intergovernmental Revenues:			
State Funds:			
Grant	22,340	-	22,340
Rent	2,709	-	2,709
Fines and Tickets	25,179	-	25,179
Other Revenues	5,194	-	5,194
Total Revenues	<u>125,286</u>	<u>-</u>	<u>125,286</u>
<u>Expenditures</u>			
General Government	51,567	-	51,567
Public Safety and Protection	42,378	-	42,378
Operating Services	20,647	-	20,647
Materials and Supplies	3,307	-	3,307
Capital Outlay	18,731	-	18,731
Total Expenditures	<u>136,630</u>	<u>-</u>	<u>136,630</u>
<u>Excess (Deficiency) of Revenues</u>			
<u>Over Expenditures</u>	(11,344)	-	(11,344)
<u>Other Financing Sources and (Uses)</u>			
Transfers In	3,437	-	3,437
Transfers Out	-	-	-
Total Other Financing	<u>3,437</u>	<u>-</u>	<u>3,437</u>
Sources and Uses	<u>3,437</u>	<u>-</u>	<u>3,437</u>
<u>Net Change in Fund Balance</u>	(7,907)	-	(7,907)
<u>Fund Balances - Beginning (Restated)</u>	<u>(3,332)</u>	<u>-</u>	<u>(3,332)</u>
<u>FUND BALANCES - ENDING</u>	<u>\$ (11,239)</u>	<u>\$ -</u>	<u>\$ (11,239)</u>

VILLAGE OF EPPS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (7,907)
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*Amounts reported for governmental activities
in the statement of activities are different
because:*

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate
those expenditures over the life of the assets:

Capital asset purchases capitalized	18,731
Depreciation expense	(32,909)
	(14,178)

Change in Net Position of Governmental Activities	\$ (22,085)
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	<u>Water and Sewer Fund</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 31,638
Receivables, net of allowance	11,207
Due From Other Funds	9,738
Total Current Assets	<u>52,583</u>
<u>Non-Current Assets</u>	
Capital Assets (net of accumulated depreciation)	<u>865,965</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 918,548</u></u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts, Salaries, and Other Payables	\$ 6,359
Customer Deposits Refundable	7,173
Due to Other Funds	1,827
Accrued Interest Payable	587
Current Portion of Notes Payable - USDA	27,379
Total Current Liabilities	<u>43,325</u>
<u>Long Term Liabilities</u>	
Notes Payable - USDA	<u>142,749</u>
<u>TOTAL LIABILITIES</u>	186,074
<u>NET POSITION</u>	
Net Investment in Capital Assets	695,837
Restricted for Debt Service	-
Unrestricted (Deficit)	<u>36,637</u>
<u>TOTAL NET POSITION</u>	<u><u>\$ 732,474</u></u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water and Sewer Enterprise Fund</u>
<u>Operating Revenues</u>	
Charges for Services:	
Water and Sewer	\$ 167,005
<u>Operating Expenses</u>	
Operations	102,933
Maintenance and Repairs	22,068
Depreciation	80,961
Total Operating Expenses	<u>205,962</u>
<u>Operating Income (Loss)</u>	(38,957)
<u>Nonoperating Income (Expense)</u>	
Interest Expense	<u>(10,195)</u>
<u>Income (Loss) Before Contributions and Transfers</u>	(49,152)
Transfers In	-
Transfers Out	<u>(3,437)</u>
<u>Change in Net Position</u>	(52,589)
<u>Net Position - Beginning</u>	<u>785,063</u>
<u>NET POSITION - ENDING</u>	<u>\$ 732,474</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water and Sewer Enterprise Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 169,705
Payments to Suppliers	(123,371)
Net Cash Provided by Operating Activities	<u>46,334</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Decrease in Customer Deposits	(100)
Transfers to/from Other Funds	(3,437)
Net Cash Flows from Noncapital Financing Activities	<u>(3,537)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Paid on Capital Debt	(26,043)
Interest Paid on Capital Debt	(10,251)
Net Cash Flows from Capital and Related Financing Activities	<u>(36,294)</u>
<u>Net Increase in Cash and Cash Equivalents</u>	6,503
<u>Cash and Cash Equivalents, Beginning of the Year</u>	<u>25,135</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 31,638</u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Operating Loss	\$ (38,957)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	80,961
Decrease in Accounts Receivable	2,700
Increase in Accounts Payable	4,286
Increase in Due From Other Funds	(2,656)
Total Adjustments	<u>85,291</u>
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 46,334</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Introduction

The Village of Epps, Louisiana was incorporated under the provisions of the Lawrason Act in 1939. The Village operates under a Board of Alderman-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements and general administrative services. The Village employs 5 people excluding the mayor and the five aldermen.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No 14* 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 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 or local governments. As used in GASB Statement No 14 and 39, fiscally independent means that the Village 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 of Epps has no component units as of December 31, 2017.

Note 1 – Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 segments 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 or 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major 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 proprietary 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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, the government considers revenues 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 judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest 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. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports the following major proprietary fund:

The Water and Sewer Fund provides water and sewer services to the citizens inside the Village's boundaries. It accounts for all revenues and expenses associated with providing water and sewer service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary 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 this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues derived from the proprietary funds include water and sewer fees along with new installation fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand and demand deposits. 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.

D. Receivables

Activity between funds that are representative of lending borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported 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 trade and property tax receivables are shown net of an allowance for uncollectibles. The Village uses the allowance method for uncollectible water fees and writes off accounts when it deems them to be totally uncollectible.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Approximately 90 percent of the Village's capital assets have been capitalized at cost and the remaining 10 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Village maintains a threshold level of \$1,000 or more capitalizing capital assets.

As permitted by GASB 34, the Village has elected not to report infrastructure assets retroactively.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Summary of Significant Accounting Policies (continued)

E. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Village had no interest to capitalize under construction.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	25-40 Years
Furniture and fixtures	5-10 Years
Vehicles	5-20 Years
Equipment	7-15 Years
Sewer System	20-40 Years
Water System	20-40 Years

F. Compensated Absences

Permanent, full-time employees receive from five to fifteen days of vacation leave depending on length of service on the employees' 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 proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

H. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Property taxes that are received before the period for which the taxes are levied are reported as deferred inflows of resources.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Summary of Significant Accounting Policies (continued)

I. Net Position/Fund Balance

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance—This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance—These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the village aldermen – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the village aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance—This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes but are neither restricted nor committed. The village aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance—This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use externally restricted resources first, then unrestricted resources—committed, assigned and unassigned—in order as needed.

J. Estimates

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

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 – Stewardship, Compliance, and Accountability

Budget Information. The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting is normally presented to the board of aldermen in December 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 was no budget amendments during the year ended December 31, 2017.

The budget comparison statements included in the accompanying financial statements reflect the original proposed budget. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

Note 3 – Cash and Cash Equivalents

At December 31, 2017, the Village has cash and cash equivalents (book balances) totaling \$30,921 as follows:

	General Fund	Water and Sewer Fund	Totals
Demand Deposits	\$ (759)	\$ 31,397	\$ 30,638
Interest-bearing Demand Deposits	-	-	-
Cash on Hand	42	241	283
	<u>\$ (717)</u>	<u>\$ 31,638</u>	<u>\$ 30,921</u>

Custodial Credit Risk – Deposits. The custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's policy to ensure there is not exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the Village had no custodial credit risk related to its deposits at December 31, 2017.

These deposits are stated at cost, which approximates market value. 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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually accepted to both parties.

At December 31, 2017, the Village has \$36,358 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 4 – Receivables

The receivables of \$22,348 at December 31, 2017 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Property Taxes	\$ 11,141	-	\$ 11,141
Charges for Services	-	11,207	11,207
	<u>\$ 11,141</u>	<u>\$ 11,207</u>	<u>\$ 22,348</u>

The proprietary funds have an allowance account of \$1,908 and used the direct write-off method when an account is deemed uncollectible.

Note 5 – Capital Assets

Capital Assets and depreciation activity as of and for the year ended December 31, 2017 for the primary government is as follows:

	<u>Balance 12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 129,000	\$ -	\$ -	\$ 129,000
Depreciable Assets:				
Buildings & Improvements	432,032	18,731	-	450,763
Vehicles & Equipment	255,587	-	15,476	240,111
Street Improvements	473,961	-	-	473,961
Total Capital Assets Being Depreciated	1,161,580	18,731	15,476	1,164,835
Less Accumulated Depreciation	547,169	32,909	15,476	564,602
Total Capital Assets Being Depreciated, net	614,411	(14,178)	-	600,233
Total Governmental Activities Capital Assets, net	<u>\$ 743,411</u>	<u>\$ (14,178)</u>	<u>\$ -</u>	<u>\$ 729,233</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 29,000	\$ -	\$ -	\$ 29,000
Depreciable Assets:				
Water & Sewer Systems and Improvements	2,749,033	-	-	2,749,033
Building	11,235	-	-	11,235
Equipment	33,129	-	-	33,129
Total Capital Assets Being Depreciated	2,793,397	-	-	2,793,397
Less Accumulated Depreciation	1,875,471	80,961	-	1,956,432
Total Capital Assets Being Depreciated, net	917,926	(80,961)	-	836,965
Total Business-Type Activities Capital Assets, net	<u>\$ 946,926</u>	<u>\$ (80,961)</u>	<u>\$ -</u>	<u>\$ 865,965</u>

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 – Capital Assets (continued)

Depreciation expense of \$32,909 was charged to the general government function and \$80,961 was charged to the water and sewer business-type activities function for the year ended December 31, 2017.

Note 6 – Interfund Receivables/Payables

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as “due from/to 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.”

Note 7 – Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2017 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,437	\$ -
Water and Sewer Enterprise Fund	\$ -	\$ 3,437

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

Note 8 – Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017:

	<u>Revenue Bonds</u> <u>Payable</u>
Balance December 31, 2016	\$ 196,172
Additions	-
Reductions	<u>(26,044)</u>
Balance December 31, 2017	\$ 170,128

Interest expense of \$10,195 was charged to the water and sewer business-type activities function for the year ended December 31, 2017.

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, 2017:

	<u>Revenue Bonds</u> <u>Payable</u>
Current	\$ 27,379
Long-Term	<u>142,749</u>
Total	\$ 170,128

Revenue bonds payable in the amount of \$170,128 have maturities from 2020 until 2027 and 4.5% to 6.125% interest rates.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8 – Long-Term Obligations (continued)

The individual bonds are as follows:

	\$237,000 Bonds	\$13,000 Bonds	\$359,000 Bonds
Original Issue Date	4/5/1988	4/5/1988	5/22/1996
Interest Rate	6.00%	6.125%	4.50%
Final Payment Due	4/5/2029	4/5/2029	5/20/2019
Interest to Maturity	\$ 40,071	\$ 1,514	\$ 2,576
Principal Outstanding	\$ 119,659	\$ 5,613	\$ 44,857
Funding Source	Water Revenue	Water Revenue	Sewer Revenue

The loans are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2018	\$ 27,379	\$ 8,918	\$ 36,297
2019	28,787	7,510	36,297
2020	18,902	6,150	25,052
2021	11,339	5,400	16,739
2022	12,039	4,699	16,738
2023-2027	71,682	11,485	83,167
Total	\$ 170,128	\$ 44,162	\$ 214,290

Note 9 – Bond Covenant Requirements

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% 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.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9 – Bond Covenant Requirements (continued)

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 principle 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 1988 Water Revenue Bonds discussed in Note 8 above, require the Village to establish the following reserve accounts:

- A. A “Reserve Fund”. The Village must transfer \$82 into this fund each month until \$19,558 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which would otherwise be in default.
- B. A “Contingency Fund”. The Village must transfer \$97 into this fund each month. The deposits in this fund may be used 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 funds.

Note 10 – Retirement System

Due to the poor financial condition of the Village, and due to high employee turnover, no employees are currently participating in any retirement system. In recent years, one employee was enrolled in Municipal Police Employees Retirement System. Pertinent details of this system are as follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee’s average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Village of Epps is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Village of Epps are established and may be amended by state statute.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10 – Retirement System (continued)

As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Epps had no required contributions to the System for the years ending December 31, 2017, 2016, and 2015. Due to the poor financial condition, the Village was not able to make all the contributions in 2013 and 2014. Employee participation ceased in June 2014. The Village paid the remaining amount owed to the retirement system during December 2017.

Note 11 – Subsequent Events

Subsequent events have been evaluated through December 4, 2018, which is the day the financial statements were available to be issued, and it has been determined that no other significant events have occurred for disclosure.

Note 12 – Prior Period Adjustment

A prior period adjustment was made to recognize property taxes in the year they are levied instead of the subsequent year to be consistent with the Village's budgetary process. The effect is to increase net assets by \$13,568 for 2016 property taxes and to recognize property taxes levied in 2017 as revenue during the year ended December 31, 2017.

Note 13 – Grants

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency could become a liability of the Village. In the opinion of management, any such adjustments would not be material to the Village's operating results or fund balances.

Note 14 – Going Concern

The Village's General Fund had a deficit in unassigned fund balance of \$11,239 at December 31, 2017. The increase in the deficit for the year ended December 31, 2017 was \$7,907. The Village is working to reduce the remaining deficit by decreasing expenditures and improving collections of water and sewer fees. Also, the Village increased water rates to consumers and businesses in 2015.

Note 15 – Risk Management and Contingent Liabilities

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

Note 16 – Deficit Fund Balance

The General Fund finished the year with a deficit in fund balance of \$11,239. The Village is working with the Louisiana Legislative Auditor's advisory group on ways to lower and eventually eliminate this deficit.

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULE**

VILLAGE OF EPPS, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		With Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Franchise Tax	\$ 18,000	\$ 18,000	\$ 7,469	\$ (10,531)
Ad Valorem Tax	13,000	13,000	22,881	9,881
Sales Tax	20,000	20,000	20,273	273
Licenses and Permits	15,000	15,000	19,241	4,241
Intergovernmental Revenues:				
State Funds:				
Grant	25,000	25,000	22,340	(2,660)
Fines and Tickets	23,000	23,000	25,179	2,179
Rent	4,000	4,000	2,709	(1,291)
Other Revenues	10,200	10,200	5,194	(5,006)
Total Revenues	<u>128,200</u>	<u>128,200</u>	<u>125,286</u>	<u>(2,914)</u>
<u>Expenditures</u>				
General Government	76,599	76,599	51,567	25,032
Public Safety and Protection	33,500	33,500	42,378	(8,878)
Operating Services	12,000	12,000	20,647	(8,647)
Materials and Supplies	2,500	2,500	3,307	(807)
Capital Outlay	-	-	18,731	(18,731)
Total Expenditures	<u>124,599</u>	<u>124,599</u>	<u>136,630</u>	<u>(12,031)</u>
<u>Excess (Deficiency) of Revenues Over</u>				
<u>Expenditures</u>	3,601	3,601	(11,344)	(14,945)
<u>Other Financing Sources and (Uses)</u>				
Transfers In	20,000	20,000	3,437	(16,563)
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>20,000</u>	<u>20,000</u>	<u>3,437</u>	<u>(16,563)</u>
<u>Net Change in Fund Balance</u>	23,601	23,601	(7,907)	(31,508)
<u>Fund Balance (Deficit) at Beginning of</u>				
<u>Year (Restated)</u>	<u>(3,332)</u>	<u>(3,332)</u>	<u>(3,332)</u>	<u>-</u>
<u>Fund Balance (Deficit) at End of Year</u>	<u>\$ 20,269</u>	<u>\$ 20,269</u>	<u>\$ (11,239)</u>	<u>\$ (31,508)</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF EPPS, LOUISIANA
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Budget Information. The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in December 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 was one budget amendment during the year ended December 31, 2017.

The budget comparison statements included in the accompanying financial statements reflect the original proposed budget. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

OTHER INFORMATION

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDING DECEMBER 31, 2017

None of the Aldermen or Mayor took a salary nor had any reimbursements.

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

2017-01 Inadequate Segregation of Accounting Duties

Criteria

Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition

The Village has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Cause

The small size and limited revenues of the Village.

Effect

Lack of segregation of accounting duties increases the risk that errors or irregularities would not be detected or corrected in a timely manner.

Recommendation

The Village should use the contracted accounting firm to help minimize the risk of errors and irregularities that occur from inadequate segregation of duties.

Response

The Village feels that the cost of hiring more staff far exceeds its benefits.

2017-02 Inadequate Controls over Preparation of Financial Statements

Criteria

The Village's annual financial statements should be prepared in accordance with generally accepted accounting principles. The Village should have internal controls in place to prevent, detect, or correct a misstatement of those financial statements.

Condition

Due to its size, the Village does not have an individual with the expertise to perform those internal control functions effectively.

Cause

The small size and staff of the Village.

Effect

Misstatements in the financial statements may not be detected within a timely period.

Recommendation

None

Response

The Village feels that the cost of hiring more staff far exceeds its benefits.

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2017-03 General ledger is not reconciled to subsidiary records

Criteria

Management is responsible for establishing internal controls policies and procedures that provide reasonable assurance that assets are safeguarded against loss resulting from unauthorized use and the transactions are executed in accordance with management's authorizations.

Condition

The Village does not reconcile accounts receivable from the billing software to the general ledger.

Cause

The Village wasn't sure how to reconcile between the billing software and the general ledger.

Effect

The failure to properly maintain the general ledger accounts receivable account could result in errors not being detected within a timely period.

Recommendation

The Water and Sewer accounts receivable balance recorded in the general ledger should agree to the accounts receivable balance recorded in the utility billing software at the end of each month. This reconciliation will help ensure that all billings, customer payments, and adjustments are properly recorded.

Response

The Village has hired an outside accounting firm to assist with all accounting functions including reconciling accounts receivable to the general ledger.

2017-04 Compliance with Local Government Budget Act

Criteria

The Village is required by the Local Government Budget Act to adopt its budget in an open meeting by ordinance.

Condition

While the Village prepared a budget, the budget was not formally adopted by ordinance.

Cause

The Village presented the budget during the December council meeting but did not remember that it had to be adopted by ordinance.

Effect

The Village is out of compliance with the Louisiana Local Government Budget Act.

Recommendation

In the future the Village should not only present that budget at their meetings but should also make sure to adopt it by ordinance.

Response

The Village will adopt the next budget by ordinance.

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2017-05 **Employer contributions to Municipal Police Employees Retirement System were not remitted timely**

Criteria

The Village's should remit all employee retirement contributions timely as required by law.

Condition

In prior years the Village didn't have the funds available so it did not make the retirement contributions to the Municipal Police Employees' Retirement System.

Cause

The Village didn't have the funds available to make the payments.

Effect

Penalties and interest will accrue on the outstanding balance.

Recommendation

The Village should budget so that funds are available to cover all payroll expenditures.

Response

The Village is no longer contributing to any retirement systems and in December 2017 the final payment to the Municipal Police Employees' Retirement System was made.

2017-06 **Federal and state payroll taxes were not filed and remitted timely**

Criteria

The Village's should file and remit all payroll withholdings timely based on federal and state payroll laws.

Condition

The Village did not file and remit employee payroll reports and withholdings timely.

Cause

This was an oversight by the Village.

Effect

Penalties and interest will accrue on the outstanding balance.

Recommendation

The Village should allow the contracted accounting firm to assist with the payroll filings.

Response

The Village will request the contracted accounting firm to prepare quarterly payroll reports and remit payroll taxes on their behalf.

2017-07 **Compliance with Local Government Budget Act**

Criteria

Louisiana Revised Statute 39:1311 requires that the Village budget should be amended if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compare to budgeted expenditures.

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2017-07 **Compliance with Local Government Budget Act** (continued)

Condition

For the year ended December 31, 2017, the Village's General Fund actual expenditures exceeded its budgeted expenditures by more than 5%.

Cause

The Village didn't amend the budget to reflect the increase in expenditures during the year.

Effect

The Village was not in compliance with the Local Government Budget Act.

Recommendation

The Village should monitor the budget so that it can be amended as needed. The contracted accounting firm should assist the Village with budget amendments.

Response

The Village will closely monitor its revenues and expenditures and compare regularly to the budget.

2017-08 **Sales Tax Filings**

Criteria

Louisiana requires sales taxes be collected and remitted for water sales to commercial users.

Condition

The billing software is set up to collect sales taxes but the Village did not remit it or file sales tax returns during the year.

Cause

The Village didn't remember to do the state sales filings and didn't remit the sales tax that was collected.

Effect

The Village was not in compliance with state law.

Recommendation

The Village, with the assistance of its outside accounting firm, should make sure all sales tax returns are filed and paid in a timely manner.

Response

The Village is working with the accounting firm to catch up all sales tax payments and filings.

2017-09 **Bank Account Reconciliations**

Criteria

Standard accounting practices require that bank reconciliations be prepared for all accounts and in a timely manner.

Condition

At year end the Village cash accounts were not reconciled to the general ledger.

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2017-09 **Bank Account Reconciliations** (continued)

Cause

The use of different general ledger account numbers and switching accounting firms.

Effect

The Village will not detect and correct errors in a timely manner and management does not have knowledge of its cash balances and what is available prior to disbursing.

Recommendation

The Village needs to work with the outside accounting firm to make sure all bank accounts are reconciled in a timely manner.

Response

The Village will work with its contracted accounting firm to ensure that all bank accounts are reconciled in a timely manner.

2017-10 **Customer Deposit Listing**

Criteria

The Village should track all customer deposits and account for them in a different bank account.

Condition

The Village does not have a customer listing for deposits being held for.

Cause

When the Village switched billing software in 2015, the old deposits didn't transfer to the new system.

Effect

The Village does not know the customers it is holding deposits for.

Recommendation

The Village should continue to track all new deposits collected and let the contracted accounting firm assist them in reconciling all new deposits to the accounting records.

Response

Since the new billing software was implemented in 2015 all deposits received have been tracked.

2017-11 **Compliance with Annual Filing Deadline**

Criteria

Louisiana Revised Statute 24:513 requires timely filing of annual reports within six months after the end of the fiscal year.

Condition

The Village did not timely file its annual reports for the year ending December 31, 2017.

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2017-11 Compliance with Annual Filing Deadline (continued)

Cause

The Village did not file its report for December 31, 2017 within six months of the end of its fiscal year.

Effect

The Village was not in compliance with state statute.

Recommendation

The Village should work with its outside accounting firm to get the financial information ready earlier so that it can be submitted to the Legislative Auditor in a timely manner.

Response

In the future the Village will work with its contracted accounting firm to make sure that all financial information is available earlier in the year.

VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

2016-01 Inadequate Segregation of Accounting Duties

Condition Found

The Village has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Effect

Lack of segregation of accounting duties increases the risk that errors or irregularities would not be detected or corrected in a timely manner.

Recommendation to Prevent Future Occurrences

The Village should use the contracted accounting firm to help minimize the risk of errors and irregularities that occur from inadequate segregation of duties.

Current Status

The finding was repeated as finding 2017-01.

2016-02 Inadequate Controls over Preparation of Financial Statements

Condition Found

Due to its size, the Village does not have an individual with the expertise to perform those internal control functions effectively.

Effect

Misstatements in the financial statements may not be detected within a timely period.

Recommendation to Prevent Future Occurrences

None

Current Status

The finding was repeated as finding 2017-02.

2016-03 General ledger is not reconciled to subsidiary records

Condition Found

The Village does not reconcile accounts receivable from the billing software to the general ledger.

Effect

The failure to properly maintain the general ledger accounts receivable account could result in errors not being detected within a timely period.

Recommendation to Prevent Future Occurrences

The Water and Sewer accounts receivable balance recorded in the general ledger should agree to the accounts receivable balance recorded in the utility billing software at the end of each month. This reconciliation will help ensure that all billings, customer payments, and adjustments are properly recorded.

Current Status

The finding was repeated as finding 2017-03.

VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2016-04 Compliance with Local Government Budget Act

Condition Found

While the Village prepared a budget, the budget was not formally adopted by ordinance.

Effect

The Village is out of compliance with the Louisiana Local Government Budget Act.

Recommendation to Prevent Future Occurrences

In the future the Village should not only present that budget at their meetings but should also make sure to adopt it by ordinance.

Current Status

The finding was repeated as finding 2017-04.

2016-05 Employer contributions to Municipal Employees Retirement System were not remitted timely

Condition Found

In prior years the Village didn't have the funds available so it did not make the retirement contributions to the Municipal Employees' Retirement System.

Effect

Penalties and interest will accrue on the outstanding balance.

Recommendation to Prevent Future Occurrences

The Village should budget so that funds are available to cover all payroll expenditures.

Current Status

The finding has been cleared.

2016-06 Federal and state income tax withholdings were not remitted timely

Condition Found

The Village did not file and remit employee payroll reports and withholdings timely.

Effect

Penalties and interest will accrue on the outstanding balance.

Recommendation to Prevent Future Occurrences

The Village should allow the contracted accounting firm to assist with the payroll filings.

Current Status

The finding was repeated as finding 2017-06.

2016-07 Pavroll taxes and reports have not been paid nor remitted timely

Condition Found

The Village did not file and remit employee payroll reports and withholdings timely.

Effect

Penalties and interest will accrue on the outstanding balance.

VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2016-07 **Payroll taxes were not filed and remitted timely (continued)**

Recommendation to Prevent Future Occurrences

The Village should allow the contracted accounting firm to assist with the payroll filings.

Current Status

The finding was repeated as finding 2017-06.

2016-08 **Compliance with Local Government Budget Act**

Condition Found

The Village did not amend the budget when actual revenues had an unfavorable variance of more than 5% of budgeted revenues.

Effect

The Village was not in compliance with the Local Government Budget Act.

Recommendation to Prevent Future Occurrences

The Village should monitor the budget so that it can be amended as needed. The contracted accounting firm should assist the Village with budget amendments.

Current Status

The finding was repeated as finding 2017-07.

2016-09 **Failure to make payments to retirement system**

Condition Found

The Village only made 3 of the 9 required monthly payments to the Municipal Police Employees' Retirement System.

Effect

Penalties and interest will accrue on the outstanding balance.

Recommendation to Prevent Future Occurrences

The Village should budget so that funds are available to cover all payroll expenditures and remit withholdings and other payroll taxes timely.

Current Status

The Village no longer contributes to any retirement system.

2016-10 **Sales Tax Filings**

Condition Found

The billing software is set up to collect sales taxes but the Village did not remit it or file sales tax returns during the year.

Effect

The Village was not in compliance with state law.

VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2016-10 Sales Tax Filings (continued)

Recommendation to Prevent Future Occurrences

The Village, with the assistance of its outside accounting firm, should make sure all sales tax returns are filed and paid in a timely manner.

Current Status

The finding was repeated as finding 2017-08.

2016-11 Bank Account Reconciliations

Condition Found

At year end the Village cash accounts were not reconciled to the general ledger.

Effect

The Village will not detect and correct errors in a timely manner and management does not have knowledge of its cash balances and what is available prior to disbursing.

Recommendation to Prevent Future Occurrences

The Village needs to work with the outside accounting firm to make sure all bank accounts are reconciled in a timely manner.

Current Status

The finding was repeated as finding 2017-09.

2016-12 Customer Deposit Listing

Condition Found

The Village does not have a customer listing for deposits being held for.

Effect

The Village does not know the customers it is holding deposits for.

Recommendation to Prevent Future Occurrences

The Village should continue to track all new deposits collected and let the contracted accounting firm assist them in reconciling all new deposits to the accounting records.

Current Status

The finding was repeated as finding 2017-10.

2016-13 Insufficient Cash Held for Water Meter Deposits

Condition Found

The bank balance in the water meter cash account is considerably less than what is on the books as deposit liability.

Effect

The Village could possibly not have the funds available to return customer deposits.

VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 (continued)

2016-13 Insufficient Cash Held for Water Meter Deposits (continued)

Recommendation to Prevent Future Occurrences

The Village should work with its outside accounting firm to catch up the water meter bank account up and make all future meter deposits in this account.

Current Status

The Village has put enough cash into the water meter bank account to cover the deposit liability on the books.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen
Village of Epps
Epps, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Epps (the Village) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2017, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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 material and supplies exceeding \$30,000 or public works exceeding \$154,450 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

No purchases for materials and supplies exceeding \$30,000 were made during the year. No public works expenditures exceeding \$154,450 were made during the year ended December 31, 2017.

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 ethics law), 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.

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

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



4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure #3 were also included on the listing obtained from management in agreed-upon procedure #2 as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure #3 appeared on the list provided by management in agreed-upon procedure #2 as immediate family members.

5. Obtain from management a listing of all disbursements made during the period under examination; and a list of outside business interest of board members, employees, and board members' and employees' immediate families.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

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

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

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

The budget was not adopted by ordinance in compliance with the Local Government Budget Act (R.S. 39:1305.D).

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year were within 5% of budgeted amounts but the actual expenditures for the year exceeded budgeted amounts by more than 5%.

Accounting and Reporting

9. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee:

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

All of the six disbursements were properly coded in the general ledger.

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

Inspection of documentation supporting each of the six selected disbursements indicated approvals from proper authorities. Each of the disbursements was traced to the supporting documentation.

Meetings

10. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of Town Hall. The Village complied with this requirement.

Debt

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

I inspected the general ledger detail of all deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

I inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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

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

Maxwell CPA, LLC

Monroe, Louisiana
December 4, 2018

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana government agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected governmental officials should sign the document, in lieu of such a resolution.

The completed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

December 11, 2018

Maxwell CPA, LLC
8649 Hwy 165 N, STE 2
Monroe, LA 71203

In connection with your review of our financial statements as of December 31, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 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 the information available to us as of December 5, 2018.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

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 R.S. 42:1101-1124.

Yes [X] No []

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 that would constitute a violation of R.S. 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [X]

Accounting and Reporting

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

Yes [X] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [X] No []

Debt

It is true 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 R.S. 39:1410.60-1410.65.

Yes [X] No []

Advances and Bonuses

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

Yes [X] No []

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 that may occur subsequent to the issuance of your report.

<u>Shirley Gibson</u>	Mayor	<u>12-6-18</u>	Date
<u>Thompson W. Johnson</u>	Clerk	<u>12-6-18</u>	Date
<u>Diane Fabela</u>	Alderman	<u>12-6-18</u>	Date