

VILLAGE OF EPPS, LOUISIANA

Financial Statements
For the Year Ended December 31, 2014

VILLAGE OF EPPS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2014
With Supplemental Information Schedules

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VILLAGE OF EPPS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2014
With Supplemental Information Schedules

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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 (the Village) as of December 31, 2014, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 30, 2015, on the results of the agreed-upon procedures.

My review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis on pages 5-10 and the budgetary comparison information on page 31 are presented for purposes of additional analysis. 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 financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

The schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head, or chief executive officer, schedule of findings and corrective action plan and status of prior year findings on pages 32-36 are not a required part of the basic financial statements but are supplementary information required by the Louisiana Governmental Audit Guide. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and accordingly, I do not express an opinion or provide any assurance on such supplementary information.

David M. Haef, CPA (APAC)

West Monroe, Louisiana
July 10, 2015

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

VILLAGE OF EPPS, LOUISIANA
Management Discussion and Analysis
As of and for the Year Ended December 31, 2014

Management's Discussion and Analysis is a fact-based analysis of the Village's financial activities during the fiscal year ended December 31, 2014. Its purpose is to provide an overview of activities within the Village based on currently known facts, decision, and conditions.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

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 \$1,655,868 (net position). Of this amount, (\$14,748) (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 \$28,819.
- As of the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$770,580 an increase of \$17,473 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 \$29,829.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Epp's basic financial statements. The Village of Epp's 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 Epp's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Village of Epp's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Epp 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

Village of Epps, Louisiana

Management Discussion and Analysis (continued)

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 their 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 2 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 two types of proprietary funds. Enterprise funds are used to report the same functions presented as 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 the 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.

Village of Epps, Louisiana

Management Discussion and Analysis (continued)

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's 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 \$1,655,868, at the close of the most recent fiscal year.

By far the largest amount of the Village of Epps' net assets (\$1,670,616) 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.

	Governmental Activities		Business-Type Activities		Totals	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Current & other assets	\$20,776	\$9,127	\$32,237	\$12,216	\$53,013	\$21,343
Capital assets	800,409	922,816	1,103,936	1,197,443	1,904,345	2,120,259
Total assets	\$821,185	\$931,943	\$1,136,173	\$1,209,659	\$1,957,358	\$2,141,602
Current & other liabilities	\$50,605	\$55,512	\$40,580	\$44,350	\$91,185	\$99,862
Long-term liabilities	-	-	210,305	233,729	210,305	233,729
Total liabilities	\$50,605	\$55,512	\$250,885	\$278,079	\$301,490	\$333,591
Net Position:						
Invested in Capital Assets						
net of related debt	\$800,409	\$922,816	\$870,207	\$1,197,443	\$1,670,616	\$2,120,259
Restricted	-	-	-	-	-	-
Unrestricted	(29,829)	(58,798)	15,081	(265,863)	(14,748)	(324,661)
Total net position	\$770,580	\$864,018	\$885,288	\$931,580	\$1,655,868	\$1,795,598

The balance of (\$29,829) in unrestricted net position in the governmental activities represents the accumulated results of all past year's operations. Net position increased by \$17,473 overall from the prior year. The changes in net position are discussed later in this MD&A.

Governmental activities. Governmental activities increased the Village of Epps's net position by \$17,473. Key elements of the changes in net position are as follows:

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

VILLAGE OF EPPS CHANGES IN NET POSITION
06/30/2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:						
Program Revenues:						
Charges for Services	20,465	65,621	\$132,588	\$109,971	\$153,053	\$175,592
Capital grants & contributions	20,000	15,475	-	849	20,000	16,324
General Revenues:						
Property taxes	8,616	12,272	-	-	8,616	12,272
Franchise taxes	20,350	9,075	-	-	20,350	9,075
Rent	4,475	17,678	-	-	4,475	17,678
Other general revenues	40,626	23,626	-	41	40,626	23,667
Total revenues	<u>114,532</u>	<u>143,747</u>	<u>132,588</u>	<u>110,861</u>	<u>247,120</u>	<u>254,608</u>
Expenses:						
General Government	133,426	165,618	-	-	133,426	165,618
Public Works	0	0	147,318	214,383	147,318	214,383
Public Safety and Protection	34,693	15,533	-	-	34,693	15,533
Operating Services	18,154	-	-	-	18,154	0
Materials and Supplies	9,567	7,022	-	-	9,567	7,022
Travel and Other	1,605	4,589	-	-	1,605	4,589
Capital Outlay	22,195	3,474	-	-	22,195	3,474
Total expenses	<u>219,640</u>	<u>196,236</u>	<u>147,318</u>	<u>214,383</u>	<u>366,958</u>	<u>410,619</u>
Increase (decrease) in net position before transfers	(105,108)	(52,489)	(14,730)	(103,522)	(119,838)	(156,011)
Sale of Land and Capital Assets	105,000	10,000	-	-	-	-
Transfers	17,581	56,615	-	(56,615)	17,581	0
Increase (decrease) in net position	<u>\$17,473</u>	<u>\$14,126</u>	<u>(\$14,730)</u>	<u>(\$160,137)</u>	<u>(\$102,257)</u>	<u>(\$156,011)</u>

Expenses are classified by functions/programs. General government accounts for approximately \$116,000 while public safety, public works, and sanitation accounts for approximately \$35,000 for the fiscal year 2014. The related program revenues for fiscal 2014 directly related to these expenses totaled \$85,566 which resulted in net program expenses of \$65,000. 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 and ad valorem tax revenues are the largest and most significant source of revenue for the Village of Epps. It provides approximately \$29,000 of general fund revenue.
- Fines and tickets are the second largest revenue source to the Village, generating approximately \$21,000 of general fund revenue.

Business-type activities. Business-type activities decreased the Village of Epps's net position by approximately \$46,000. Key elements of this decrease are as follows.

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

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's 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's 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's governmental funds reported combined ending fund balance deficit of \$(29,948) an increase of \$34,880 in comparison with the prior year. All of this total amount (\$29,948) constitutes unreserved fund balance deficit, which is not 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 original budget for the Village was not adopted until July 2014 with no amendments for the year.

Revenues: Overall revenues for the General Fund were projected to decrease during FY 2014 by \$5,000 from the previous year. All other revenues were expected to remain the same for 2014.

Expenditures: General governmental expenditures exceeded its budget that was prepared for USDA.

Capital Asset and Debt Administration

Capital assets. The Village of Epps's investment in capital assets for its governmental and business type activities as of December 31, 2014, amounts to \$1,904,345 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and street improvements.

Major capital asset events in the current fiscal year included purchase of a backhoe for the maintenance department.

Village of Epps, Louisiana

Management Discussion and Analysis (continued)

Village of Epps Capital Assets

	<u>6/30/2014</u>	<u>6/30/2013</u>
Land	\$158,000	\$263,000
Building & Improvements	443,267	443,267
Vehicles & Equipment	279,756	257,561
Infrastructure	473,960	473,960
Water & Sewer System	2,739,333	2,739,333
Total	4,094,316	4,177,121
Less Accumulated Depreciation	<u>(2,189,971)</u>	<u>(2,056,862)</u>
Total Capital Assets	<u>\$1,904,345</u>	<u>\$2,120,259</u>

Village of Epps Outstanding Debt

Revenue Bonds	<u>\$233,730</u>	<u>\$492,972</u>
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Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Village of Epps's budget for the 2014 fiscal year included the impact that the property tax reassessments that were completed which 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's 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, 2014

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$18,332	\$24,513	\$42,845
Receivables (net of allowances for uncollectibles)	617	9,551	10,168
Internal balances	1,827	(1,827)	-
Capital assets (net)	800,409	1,103,936	1,904,345
TOTAL ASSETS	821,185	1,136,173	1,957,358
LIABILITIES			
Accounts, salaries, and other payables	34,035	2,527	36,562
Amounts due to employees	4,300	-	4,300
Customer Deposits	-	7,273	7,273
Accrued Interest Payable	-	7,355	7,355
Bonds Payable, current portion	-	23,425	23,425
Total Current Liabilities	38,335	40,580	78,915
Bonds Payable, long-term portion	-	210,305	210,305
Total Long Term Liabilities	-	210,305	210,305
TOTAL LIABILITIES	38,335	250,885	289,220
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue from Property Taxes	12,270	-	12,270
NET POSITION			
Net investment in capital assets	800,409	870,207	1,670,616
Restricted for debt service	-	-	-
Unrestricted (deficit)	(29,829)	15,081	(14,748)
TOTAL NET POSITION	770,580	\$885,288	1,655,868

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

VILLAGE OF EPPS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2014

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
General Government								
Total Governmental Activities	219,640	65,566	-	20,000	(134,074)	(134,074)		(134,074)
Business-type Activities								
Water and Sewer	161,299	132,588	-	-	(28,711)		(28,711)	(28,711)
Total Primary Government	<u>\$380,939</u>	<u>198,154</u>	<u>-</u>	<u>20,000</u>	<u>(162,785)</u>	<u>(134,074)</u>	<u>(28,711)</u>	<u>(162,785)</u>

General Revenues:

Property taxes		8,616	8,616
Franchise taxes		20,350	20,350
Sale of Land		105,000	105,000
Transfers		17,581	(17,581)
Total general revenues and transfers		<u>151,547</u>	<u>(17,581)</u>
Change in Net Position		<u>17,473</u>	<u>(46,292)</u>
Net position-beginning (restated)		<u>753,107</u>	<u>931,580</u>
Net position-ending		<u>\$770,580</u>	<u>\$885,288</u>

Statement B

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

FINANCIAL STATEMENTS

VILLAGE OF EPPS, LOUISIANA
Balance Sheet, Governmental Funds

December 31, 2014

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$18,213	\$119	\$18,332
Receivables (net of allowances for uncollectibles)	617		617
Due from other funds	1,827		1,827
TOTAL ASSETS	\$20,657	\$119	\$20,776
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	34,035		34,035
Deferred Revenue	12,270		12,270
Amounts due to employees	4,300		4,300
Total Liabilities	50,605		50,605
Fund balances:			
Assigned - Capital Projects		119	119
Unassigned (deficit)	(29,948)		(29,948)
Total Fund Balances	(29,948)	119	(29,829)
TOTAL LIABILITIES AND FUND BALANCES	\$20,657	\$119	\$20,776

**Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Position**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds: (\$29,829)

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

	Governmental assets	1,281,619
	Less Accumulated Depreciation	(481,210)
		800,409

Net Position of Governmental Activities (Statement A) \$770,580

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

VILLAGE OF EPPS, LOUISIANA
Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2014

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Franchise tax	20,350		20,350
Ad valorem tax	8,616		8,616
Licenses and permits	16,030		16,030
Intergovernmental revenues:			
State funds:			
Grant	20,000		20,000
Rent	4,475		4,475
Fines and tickets	20,465		20,465
Other revenues	24,596		24,596
Total Revenues	<u>114,532</u>	<u>-</u>	<u>114,532</u>
EXPENDITURES			
General government	116,019		116,019
Public safety and protection	34,693		34,693
Operating Services	18,154		18,154
Materials and Supplies	9,567		9,567
Travel and Other	1,605		1,605
Capital outlay	22,195	-	22,195
Total Expenditures	<u>202,233</u>	<u>-</u>	<u>202,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(87,701)	-	(87,701)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Land	105,000		105,000
Transfers in	17,581		17,581
Transfers out			-
Total Other Financing Sources and Uses	<u>122,581</u>	<u>-</u>	<u>122,581</u>
Net Change in Fund Balance	34,880	-	34,880
Fund balances -- beginning (restated)	(64,828)	119	(64,709)
Fund balances -- ending	<u>(29,948)</u>	<u>\$119</u>	<u>(\$29,829)</u>

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds	\$34,880
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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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	(39,602)	
Capital outlay	22,195	(17,407)
Change in Net Position of Governmental Activities, Statement B		<u>\$17,473</u>

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

VILLAGE OF EPPS, LOUISIANA

Statement of Net Position, Proprietary Funds - Business Type Activities

December 31, 2014

	<u>WATER AND SEWER FUND</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$24,513
Receivables (net of allowances for uncollectibles)	9,551
Total Current Assets	<u>34,064</u>
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	1,103,936
Total Non-Current Assets	<u>1,103,936</u>
 TOTAL ASSETS	 <u><u>\$1,138,000</u></u>
LIABILITIES	
Current Liabilities:	
Accounts, salaries, and other payables	\$2,528
Customer Deposits Refundable	7,273
Due to other funds	1,827
Accrued Interest Payable	7,355
Current Portion of Notes Payable-USDA	36,297
Total Current Liabilities	<u>55,280</u>
Non Current Liabilities:	
Notes Payable-USDA	197,432
Total Non-Current Liabilities	<u>197,432</u>
NET POSITION	
Invested in capital assets, net of related debt	870,207
Restricted for debt service	
Unrestricted (Deficit)	<u>15,081</u>
 TOTAL NET POSITION	 <u><u>\$885,288</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 - Business Type Activities
Proprietary Funds**

For the Year Ended December 31, 2014

	Water and Sewer Enterprise Fund
	<u> </u>
Operating Revenues	
Charges for services:	
Water and Sewer	\$132,588
Total Operating Revenues	<u>132,588</u>
 Operating Expenses	
Materials and supplies	42,104
Maintenance and Repairs	11,707
Depreciation	93,507
Total Operating Expenses	<u>147,318</u>
 Operating Income (Loss)	<u>(14,730)</u>
 Nonoperating Revenues (Expenses)	
Interest expense	(13,981)
Total Nonoperating Revenues (Expenses)	<u>(13,981)</u>
 Income (Loss) Before Contributions and Transfers	(28,711)
 Transfer Out	<u>(17,581)</u>
 Change in Net Position	(46,292)
 Total Net Position-Beginning	931,580
Total Net Position-Ending	<u><u>\$885,288</u></u>

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

VILLAGE OF EPPS, LOUISIANA

Statement of Cash Flows, Proprietary Funds, Business Type Activities

For the Year Ended December 31, 2014

	Water and Sewer Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$135,715
Payments to suppliers	(58,689)
Net Cash Provided by Operating Activities	<u>77,026</u>
Cash Flows From NonCapital Financing Activities	
Transfers to/from other funds	(17,581)
Net Cash Provided (used) by Noncapital Financing Activities	<u>(17,581)</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on capital debt	(22,316)
Interest paid on capital debt	(13,981)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(36,297)</u>
Net Increase in Cash and Cash Equivalents	23,148
Cash and Cash Equivalents, Beginning of Year	1,365
Cash and Cash Equivalents, End of Year	<u><u>\$24,513</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(\$14,730)
Depreciation expense	93,507
(Increase) decrease in accounts receivable	3,127
Increase (decrease) in accounts payable	(4,879)
Total Adjustments	<u>91,755</u>
Net Cash Provided by Operating Activities	<u><u>\$77,025</u></u>

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2014

INTRODUCTION

The Village of Epps, Louisiana was incorporated under the provisions of the Lawrason Act in 1939. The Village operates under a Board of Aldermen-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, 2014.

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 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.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2014

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.

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.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2014

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.

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.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

E. Deferred Inflows of Resources - Property Taxes

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The Village is authorized to levy a maximum of 7.35 mills annually on property within the boundaries of the Village for general government purposes beginning with the year 2013. The district levied 7.35 mills on property with an assessed value of \$1,663,830 for the year ended December 31, 2014. The taxes are levied in 2015 for the 2015 calendar year, therefore the revenue resulting from the 2014 tax levy will be recognized in 2015. The property tax revenue recognized in 2014 is from the 2013 levy.

F. 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 for capitalizing capital assets.

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

G. 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.

H. 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.

I. 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.

J. 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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

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.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

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; however for 2014, the budget was not adopted until July 21, 2014. 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, 2014.

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.

VILLAGE OF EPPS, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2014**

3. CASH AND CASH EQUIVALENTS

At December 31, 2014 the Village has cash and cash equivalents (book balances) totaling \$ as follows:

	General Fund	Water & Sewer Fund	Totals
Demand deposits	\$18,290	\$24,123	\$42,413
Interest-bearing demand deposits	0	0	0
Cash on Hand	42	390	432
	\$18,332	\$24,513	\$42,845

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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2014, the Village has \$36,745 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$10,168 at December 31, 2014 are as follows:

<u>Class of Receivable</u>	General Fund	Water & Sewer Funds	Total
Property Taxes	\$617	\$0	\$617
Franchise Taxes	0	0	0
Charges for Services	0	9,551	9,551
Total	\$617	\$9,551	\$10,168

The proprietary funds have an allowance account of \$2,005 and used the direct write-off method when an account is deemed uncollectible.

5. 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."

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2014 for the primary government is as follows:

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Governmental Activities:				
Nondepreciable assets:				
Land	\$234,000		(\$105,000)	\$129,000
Depreciable assets:				
Buildings & improvements	432,032			432,032
Vehicles & Equipment	224,432	22,195		246,627
Street Improvements	473,960			473,960
Total capital assets being depreciated	<u>1,130,424</u>	<u>22,195</u>	<u>-</u>	<u>1,152,619</u>
Less accumulated depreciation	<u>441,608</u>	<u>39,602</u>	<u>-</u>	<u>481,210</u>
Total capital assets being depreciated, net	688,816	(17,407)		671,409
Total governmental activities capital assets, net	<u>\$922,816</u>	<u>(\$17,407)</u>	<u>(\$105,000)</u>	<u>\$800,409</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$29,000			\$29,000
Depreciable assets:				
Water & Sewer Systems and Improvements	2,739,333			2,739,333
Building	11,235			11,235
Equipment	33,129			33,129
Total capital assets being depreciated	<u>2,783,697</u>			<u>2,783,697</u>
Less accumulated depreciation	<u>1,615,254</u>	<u>93,507</u>		<u>1,708,761</u>
Total capital assets being depreciated, net	1,168,443	(93,507)		1,074,936
Total business-type activities capital assets, net	<u>\$1,197,443</u>	<u>(\$93,507)</u>		<u>\$1,103,936</u>

Depreciation expense of \$39,602 was charged to the general government function and \$93,507 was charged to the water and sewer business-type activities function for the year ended December 31, 2014.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

7. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of December 31, 2014 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,827	
Water and Sewer Enterprise Fund		\$ 1,827
Total	<u>\$ 1,827</u>	<u>\$ 1,827</u>

The transfers from the Water & 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.

8. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2014:

	<u>Revenue Bonds Payable</u>
Balance December 31, 2013	\$ 256,046
Additions	-
Reductions	<u>(22,316)</u>
Balance December 31, 2014	<u>\$ 233,730</u>

Interest expense of \$13,981 was charged to the water and sewer business-type activities function for the year ended December 31, 2014.

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, 2014:

	<u>Revenue Bonds Payable</u>
Current	\$ 36,297
Long-Term	<u>197,433</u>
Total	<u>\$ 233,730</u>

Revenue bonds payable in the amount of \$233,730 have maturities from 2014 until 2029 and 4.5% to 6.125% interest rates. Loan principal and interest in the next fiscal year are \$23,425 and \$12,872, respectively.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

The individual bonds are as follows:

	\$ 237,000	\$ 13,000	\$ 359,000
	<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	4/5/29	5/20/19
Interest to Maturity	\$ 75,590	\$ 4,281	\$ 9,861
Principle Outstanding	\$ 148,085	\$ 8,190	\$ 77,455
Funding Source	Water Revenue	Water Revenue	Sewer Revenue

The loans are due as follows:

	Principle	Interest	Total
2015	\$ 23,425	\$ 12,872	\$ 36,297
2016	24,589	11,707	36,296
2017	25,814	10,483	36,297
2018	27,100	9,197	36,297
2019	61,032	31,743	92,775
2020-2024	70,065	13,628	83,693
2025-2029	1,705	103	1,808
Total	<u>\$233,730</u>	<u>\$89,733</u>	<u>\$323,463</u>

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 principle and interest due on the next principle and interest payment date. This fund is used to pay bond principle 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.
- 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.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2014

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 to care for depreciation, extensions, additions, improvements, and replacements 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.

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 is 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 to 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.

VILLAGE OF EPPS, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2014**

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 current rate is 31% of annual covered payroll. The contribution requirements of plan members and the Village of Epps are established and may be amended by state statute.

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 required contributions to the System for the years ending December 31, 2014, 2013, and 2012, were \$1,725, \$10,350, and \$10,350, respectively. Due to the poor financial condition of the Village, no contributions have been paid since March 2013. Employee participation ceased in February 2014. The Village owes \$13,133 in contributions and interest at December 31, 2014.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 10, 2015, 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.

12. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to record the total liability owed to Municipal Police Employees' Retirement System at December 31, 2013 in the amount of \$5,911. Also land was sold in the amount of \$105,000 which did not result in a gain or a loss, causing net position to decrease by \$110,911.

13. AMOUNT DUE INTERNAL REVENUE SERVICE

At December 31, 2013, the Village owed the Internal Revenue Service approximately \$39,363 for past due payroll taxes, interest, and penalties. During 2014, the Village satisfied a lien in the amount of \$49,304, with the proceeds of a land sale. The current amount due for payroll taxes, interest, and penalties is \$11,180, all of which was incurred in 2014.

14. AMOUNT DUE FORMER EMPLOYEE

During 2014 and 2013, the Village withheld retirement contributions from the salary of an employee to be remitted to Municipal Police Employees' Retirement System. However, participation in the system ceased as of February 2013. The Village owes a total of \$4,300 to the former employee for retirement contributions withheld in error.

15. 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 would 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.

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2014

16. GOING CONCERN

The Village's General Fund had a deficit in unassigned fund balance of \$29,829 at December 31, 2014. The decrease in the deficit for the year ended December 31, 2014 was \$17,473. The Village sold a parcel of land during 2014 which helped reduce the deficit. The Village is working to reduce the remaining deficit by decreasing expenditures and improving collections of water and sewer fees.

17. RISK MANAGEMENT AND CONTINGENT LIABILITIES

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

The Village is involved in one lawsuit at December 31, 2014 that has been ongoing for several years. No provision for any liability is recorded in the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

VILLAGE OF EPPS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (GAAP Basis)
General Fund (and all major governmental funds)
For the Year Ended December 31, 2014

Required Supplemental Information

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance With</u> <u>Final Budget</u> <u>Over(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Franchise tax	9,570	9,570	20,350	10,780
Ad valorem tax	12,400	12,400	8,616	(3,784)
Licenses and permits	14,800	14,800	16,030	1,230
Intergovernmental revenues:				
State funds:				
Grant	7,500	7,500	20,000	12,500
Fines and Tickets	31,526	31,526	20,465	(11,061)
Rent	9,040	9,040	4,475	
Other revenues	2,322	2,322	24,596	22,274
Total Revenues	<u>87,158</u>	<u>87,158</u>	<u>114,532</u>	<u>31,939</u>
Expenditures				
General Government	42,514	42,514	116,019	73,505
Public safety and protection	34,000	34,000	34,693	693
Operating Services	15,000	15,000	18,154	3,154
Materials and Supplies	-	-	9,567	9,567
Travel and Other	-	-	1,605	1,605
Capital Outlay	-	-	22,195	22,195
Total Expenditures	<u>91,514</u>	<u>91,514</u>	<u>202,233</u>	<u>110,719</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,356)	(4,356)	(87,701)	(78,780)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	17,581	17,581
Sale of Land	104,000	104,000	105,000	105,000
Total Other Financing Sources and Uses	<u>104,000</u>	<u>104,000</u>	<u>122,581</u>	<u>122,581</u>
Net Change in Fund Balance	99,644	99,644	34,880	43,801
Fund Balance (Deficit) at Beginning of Year (Restated)	<u>(64,709)</u>	<u>(64,709)</u>	<u>(64,709)</u>	<u>(64,709)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 34,935</u>	<u>\$ 34,935</u>	<u>\$ (29,829)</u>	<u>\$ (20,908)</u>

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

OTHER SUPPLEMENTAL SCHEDULES

VILLAGE OF EPPS, LOUISIANA

**Schedule of Compensation, Reimbursements, Benefits and
Other Payments to Agency Head, Political Subdivision Head, or
Chief Executive Officer
For the Year Ended December 31, 2014**

None of the Aldermen took a salary or had any reimbursements. The Mayor during 2014, Roberta Simms, also did not take a salary until the end of her term which was in the amount of \$400.

VILLAGE OF EPPS, LOUISIANA
CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014

Reference Number	Description of Finding	Planned Corrective Action	Corrective Action Taken
14-1	Inadequate Segregation of Accounting Duties	None	Management feels that the cost of hiring more staff far exceeds its benefit.
14-2	Inadequate Controls over Preparation of Financial Statements	None	None
14-3	Water and Sewer accounts receivable balances recorded in general ledger are not reconciled to subsidiary records on a monthly basis	See Corrective Action Taken	The Village hired a new accounting firm to prepare monthly bookkeeping.
14-4	The reserve funds required by the Village's bond covenants were depleted during 2013	The Village anticipates funding the reserve account as soon as funds are available to do so	None
14-5	The sinking funds required by the Village's bond covenants were depleted during 2013	The Village anticipates funding the contingency account as soon as funds are available to do so	None
14-6	The 2014 General Fund Budget was not adopted until the July 21, 2014 general meeting.	The Village is out of compliance with the LA Local Government Budget Act. While a budget was prepared for USDA the Village did not use the prescribed format and the budget was not formally adopted at an open meeting.	The Mayor is working with the new accounting firm to prepare a budget for 2015 as soon as possible.
14-7	The Village failed to meet grant requirements to obtain funding for renovations of town hall and thus lost the grant funding awarded	The new Clerk and Mayor are working with grant agencies to understand new grant opportunities for the Village	None
14-8	Regular meetings of the board of aldermen were not publicly advertised. Only the August 2014 meeting had a notice posted	The Mayor will ensure the Clerk posts notice of all public meetings on the premises of Epps Town Hall	None
14-9	Retirement contributions withheld from salaries in 2013 and 2014 in error were not refunded to the employee	The Village intends to reimburse its employee as soon as funds are available to do so.	None
14-10	Required employer contributions to Municipal Employees Retirement System were not remitted. Interest continues to accrue on the outstanding balance	The Village intends to pay its employer contributions as soon as funds are available to do so	None
14-11	Federal and state income tax withholdings were not remitted in a timely manner. The Village owed 2nd, 3rd and 4th quarter withholdings at year end.	The Village intends to remit payroll withholdings as soon as funding is available to do so	With the help of the new accounting firm, the Clerk has been able to understand which amounts are owed and the Village has made some payment

**VILLAGE OF EPPS, LOUISIANA
CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN**

FOR THE YEAR ENDED DECEMBER 31, 2014

Reference Number	Description of Finding	Planned Corrective Action	Corrective Action Taken
14-12	Improper GL coding of revenues and expenses occurred throughout the year.	The Village will separate revenues by type and record in the correct GL account. The Village will code expenses to the correct GL accounts.	None
14-13	During agreed upon procedures testing, it was noted that certain invoices were paid but had no detail of services or products purchased.	The Clerk will not pay any invoice that is missing a detail of the expense being paid.	None
14-14	1099s were not issued for contract labor employees paid more than \$600.	The Village will request the new accounting firm to prepare 1099s and W2s at year end for 2015.	None
14-15	Payroll taxes have not been paid timely.	The Village will request the new accounting firm prepare quarterly payroll reports and remit monthly payroll taxes on their behalf.	None
14-16	No documentation was available regarding purchase of equipment with grant funding.	The new Clerk will maintain detailed records of all purchases with grant funding as well as all other purchases.	None
14-17	Late submission of review report to the Louisiana Legislative Auditor	The new Clerk will ensure that the records will be prepared in a timely at year end with the help of the new accounting firm so that the financial statements can be timely filed with the Louisiana Legislative Auditor.	None
14-18	Actual budgeted General Fund expenditures exceeded estimated funds available by \$110,719 or 46%	A budget was not adopted until July 21, 2014. The Village intends to closely monitor its revenues and expenditures and compare regularly to the budget.	None
14-19	Prior year actual General Fund revenues and other funding sources failed to meet budgeted revenues and other financing sources by \$97,161 or 34%.	The budget adopted on July 8, 2013 was never amended.	None
14-20	Prior year budgeted General Fund expenditures exceeded estimated funds available by 57,000.	The budget adopted on July 8, 2013 was never amended.	None
14-21	In prior year, the Village made only 4 of the 12 required monthly payments to the Municipal Police Employees' Retirement System during 2013. The balance due the retirement system at December 31, 2013 was \$8,880.	The other 8 required payments for 2013 were not remitted as of the date of this report.	None

VILLAGE OF EPPS, LOUISIANA
 CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2014

Reference Number	Description of Finding	Planned Corrective Action	Corrective Action Taken
14-22	In prior year, the Village did not remit state income tax withholdings for the 3rd and 4th quarters of 2013 in a timely manner	The 3rd quarter payment was made on Feb 4 2014 The 4th quarter payment was made on May 20 2014	Yes

**VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS**

DECEMBER 31, 2014

Reference Number	Description of Finding	Corrective Action Taken	Planned Corrective Action
13-1	Inadequate Segregation of Accounting Duties	No	None
13-2	Inadequate Controls over Preparation of Financial Statements.	No	None
13-3	Water and Sewer accounts receivable balances recorded in general ledger are not reconciled to subsidiary records on a monthly basis.	Yes	The Village is going to pursue hiring a different accounting firm as soon as funds are available.
13-4	The reserve funds required by the Village's bond covenants were depleted during 2013 and \$19,906 of these funds were used to pay operating costs of the General Fund.	No	The Village anticipates funding the reserve account as soon as funds are available to do so.
13-5	The 2013 General Fund budget was adopted July 8, 2013.	No	The budget for 2014 was not adopted as of the date of the report for 2013, due to the inability of the Village to adopt a budget in compliance with the Local Government Budget Act. The budget for 2015 will be adopted before January 1, 2015.
13-6	Actual General Fund revenues and other funding sources failed to meet budgeted revenues and other financing sources by \$97,161 or 34%	No	The Village will monitor the 2014 budget and will adopt a budget amendment whenever actual revenues and other financing sources fail to meet budgeted revenues and other financing sources by 5% or more.
13-7	Budgeted General Fund expenditures exceeded estimated funds available by \$57,000	No	The budget for 2014 has not been adopted as of the date of this report due to the inability of the Village to adopt a budget in compliance with Local Government Budget Act. The budget for 2015 will be in compliance.
13-8	Three out of six disbursements examined were not posted to the proper general ledger account.	Yes	The Village is going to pursue the hiring of a different accounting firm as soon as funds are available to do so.
13-9	The Village made only 4 of the 12 required monthly payments to the Municipal Police Employees' Retirement System during 2013. The balance due the retirement system at December 31, 2013 was \$8,880	No	The Village has made no payments to the retirement system during 2014. The Village has a contract to sell 1.3 acres of land for \$104,000. The Village will pay its 2013 and 2014 retirement contributions as soon as it receives the proceeds from the sale.
13-10	The Village owes \$2,160 to former employees for retirement contributions withheld from their paychecks in error during 2012 and 2013.	No	The Village has made no payments to these former employees during 2014. The Village has a contract to sell 1.3 acres of land for \$104,000. The Village will refund the retirement contributions withheld to these individuals as soon as it receives the proceeds from the sale.
13-11	The Village did not remit state income tax withholdings for the 3rd and 4th quarter of 2013 in a timely manner.	Yes	The 3rd quarter payment was made on February 4, 2014. The 4th quarter payment will be made immediately.

VILLAGE OF EPPS, LOUISIANA
 STATUS OF PRIOR YEAR FINDINGS

DECEMBER 31, 2014

Reference Number	Description of Finding	Corrective Action Taken	Planned Corrective Action
13-12	The Village did not remit state fees collected on traffic citations for the months of March and September through December 2013	Yes	The amounts due for 2013 will be paid immediately

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 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, 2014, 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 and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, 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).

One bid was received for the purchase of radio equipment and related software. No public works expenditures exceeding \$100,000 were made during the year ended December 31, 2014.

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 interest 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 in the listing obtained from management in agreed-upon procedure (3) were 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.

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

6. 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). The budget was not presented and adopted until July 21, 2014.

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues had a favorable variance and expenditures for the year were not within 5% of budgeted amounts.

Accounting and Reporting

8. Randomly select 6 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. However, some supporting documentation had no detail of the expense paid.

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

Two of the six disbursements were not properly coded in the GL.

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

Of the six payments tested, all had the initials of the mayor approving payment.

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 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's office building). The Village failed to comply with this requirement.

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 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

11. 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.

A reading of the minutes indicated no approval for the payments noted above.

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

This report is intended solely for the use of management of 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.

David M. Dault, CPA (APAC)

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

_____ (Date Transmitted)

David M. Hartt, CPA

P.O. Box 1332

West Monroe, LA 71294 (Auditors)

In connection with your review of our financial statements as of [date] 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 (date of completion/representations).

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 [] 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 [] 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 [] 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 []

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 [] No []

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

Yes [] No []

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

Yes [] 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 [] No []

Meetings

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

Yes [] 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 [] 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 [] 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>Molly M Cox</u>	<u>CLERK</u>	<u>6-26-15</u>	<u>Date</u>
	<u>Secretary</u>		
<u>Debra Corley</u>	<u>Treasurer</u>	<u>6-26-15</u>	<u>Date</u>
<u>Shirley Gibson</u>	<u>President</u>	<u>6-26-15</u>	<u>Date</u>

Molly M Cox started work @ Town Hall effective 11-17-14

Shirley Gibson + Debra Corley started administration effective 1-1-15