

**VILLAGE OF EPPS
Epps, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 17 2014

VILLAGE OF EPPS
Epps, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2013

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

Independent Accountant's Review Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Epps (the "Village") as of and for the year ended December 31, 2013, 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 inquires of the management of the Village. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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

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

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

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements 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 through 9 and the budgetary comparison information on page 34 is 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. The schedule of compensation paid aldermen, status of prior year findings and current

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**MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
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year findings and corrective action plan on pages 37 through 39, 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.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated June 20, 2014, on the results of my agreed-upon procedures.

/s/ Carleen Dumas
Calhoun, Louisiana
June 20, 2014

VILLAGE OF EPPS
Epps, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Our discussion and analysis of Village of Epps' (hereafter referred to as the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the Village's basic financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 11 and 12 provide information about the activities of the Village as a whole. Fund financial statements that begin on page 13 provide information on how the activities of the Village are financed in the short term as well as what remains for future spending. Fund financial statements report the Village's operations in more detail than the government-wide statements.

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

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

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

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

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

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

Reporting the Village's Funds - Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds. The General Fund is the operating fund of the Village and accounts for all of the financial resources of the general government. The LCDBG Capital Projects Fund was used to account for the proceeds of a federal grant for street improvements. There was no activity in this fund during the year ended December 31, 2013. The Water and Sewer Enterprise Fund was established by the Village to help it control and manage money for the activities of the water and sewer system. The Village's two kinds of funds - governmental and business-type funds use different accounting methods.

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

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

COMPARATIVE ANALYSIS OF FINANCIAL DATA

The Village's total net position decreased by \$228,625 during 2013. This decrease in net position is due to a \$747,272 decrease in revenues, special, and extraordinary items. This decrease primarily consisted of a \$127,076 decrease in charges for services and a \$625,209 decrease in grants. The following presents an analysis of net position and the changes in net position of the Village's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$9,127	\$24,338	\$12,216	\$38,360	\$21,343	\$62,698
Restricted assets				47,110		47,110
Capital assets	922,816	981,357	1,197,443	1,301,404	2,120,259	2,282,761
Total assets	931,943	1,005,695	1,209,659	1,386,874	2,141,602	2,392,569
Liabilities						
Current liabilities	55,512	73,189	44,350	38,804	99,862	111,993
Long-term liabilities			233,729	256,353	233,729	256,353
Total liabilities	55,512	73,189	278,079	295,157	333,591	368,346
Deferred Inflow of Resources	12,413				12,413	

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
Net Position						
Net investment in capital assets	\$922,816	\$981,357	\$1,197,443	\$1,023,804	\$2,120,259	\$2,005,161
Restricted				47,110		47,110
Unrestricted (deficit)	<u>(58,798)</u>	<u>(48,851)</u>	<u>(265,863)</u>	<u>20,803</u>	<u>(324,661)</u>	<u>(28,048)</u>
Total net position	<u>\$864,018</u>	<u>\$932,506</u>	<u>\$931,580</u>	<u>\$1,091,717</u>	<u>\$1,795,598</u>	<u>\$2,024,223</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
Program revenues						
Charges for services	\$65,621	\$135,481	\$109,971	\$167,187	\$175,592	\$302,668
Operating grant	12,000	63,721	849	94,290	12,849	158,011
Capital grants	3,475	473,961		9,861	3,475	483,822
General revenues						
Property taxes	12,272	12,238			12,272	12,238
Franchise taxes	9,075	10,753			9,075	10,753
Occupational licenses	16,030				16,030	
Investment earnings			41	151	41	151
Other	1,201	4,053			1,201	4,053
Transfers	56,615	30,301	(56,615)	(30,301)		
Special item - loss on disposal of capital asset	(6,111)				(6,111)	
Extraordinary item - reduction in amount due IRS		33,982				33,982
Total revenue, transfers, special and extraordinary items	<u>170,178</u>	<u>764,490</u>	<u>54,246</u>	<u>241,188</u>	<u>224,424</u>	<u>971,696</u>
Program expenses						
General government	238,666	293,941			238,666	293,941
Water and sewer			214,383	318,907	214,383	318,907
Total expenses	<u>238,666</u>	<u>293,941</u>	<u>214,383</u>	<u>318,907</u>	<u>453,049</u>	<u>612,848</u>
Change in net position	(68,488)	470,549	(160,137)	(77,719)	(228,625)	358,848
Net position - beginning	<u>932,506</u>	<u>461,957</u>	<u>1,091,717</u>	<u>1,169,436</u>	<u>2,024,223</u>	<u>1,631,393</u>
Net position - ending	<u>\$864,018</u>	<u>\$932,506</u>	<u>\$931,580</u>	<u>\$1,091,717</u>	<u>\$1,795,598</u>	<u>\$1,990,241</u>

The Village's total expenses decreased \$159,799 from prior year due to a reduction in the number of employees and an overall decrease in spending due to the significant decrease in revenues.

Governmental Funds

Total revenue, transfers, special and extraordinary items for governmental activities decreased \$594,312 due to a \$522,207 decrease in federal and state grants and a \$69,860 decrease in charges for services. The expenses of the governmental activities decreased \$55,275 from expenses of the prior year due primarily to a general reduction of expenditures in order to help eliminate the deficit in the General Fund.

Business-Type Activities

The Village's charges for services for its business-type activities decreased \$57,216 due to the loss of the largest user of these services during 2012 and state grants decreased \$103,302. Total expenses decreased \$104,524 and transfers to the General Fund increased \$26,314.

OVERALL FINANCIAL POSITION

The Village's net position decreased \$228,625 as a result of this year's operations. The business-type activities had a decrease in net position of \$160,137 and the governmental activities had a decrease of \$68,488. Unrestricted net position (those assets available to finance the daily operations of the Village) was a \$324,661 deficit at year end. The net investment in capital assets was \$2,120,259 at year end.

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported a deficit fund balance of \$58,917. The increase in the deficit was \$9,947 for 2013 due to a \$69,939 decrease in revenues from rent. The Water and Sewer Enterprise Fund reported net position of \$931,580 at year end. The decrease in net position was \$160,137 for 2013. The LCDBG Capital Projects Fund reported a fund balance of \$119 at year end. There was no activity in this fund during 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend its General Fund budget during 2013. At year end, actual revenues and other financing sources were \$97,161 less than budgeted revenues and other financing sources and actual expenditures were \$84,214 less than budgeted expenditures. The Village prepares its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the Village had capital assets (net of accumulated depreciation) totaling \$2,120,259. Capital assets include land, buildings, street improvements, the water and sewer systems and improvements, and vehicles and equipment, costing \$1,000 or more. The Village has elected not to report major general infrastructure assets such as roads, bridges, sidewalks, etc., that were purchased or constructed prior to January 1, 2002. However, the street improvements that were completed in 2012 are included in capital assets at year end.

During 2013, the Village purchased equipment for the police department at a total cost of \$3,474. These assets were purchased with state grant funds. Additional information about the Village's capital assets is presented in the notes to the financial statements.

Debt

At year end the Village had \$256,045 in outstanding revenue bonds payable. Interest expense on the outstanding debt was \$14,434. Additional information about the Village's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS

The Village expects its General Fund total revenues to decrease approximately \$32,000 due to a reduction in rent and ticket revenue. The Village intends to place a one-half cent sales tax proposition before the voters in 2014 and has a contract to sell 1.3 acres of land for \$104,000. The Village also raised water and sewer rates during 2013 in order to generate more revenue in the Water and Sewer Enterprise Fund. This increase in revenue will allow the Water and Sewer Enterprise Fund to pay its share of operating expenses such as salaries, utilities, and insurance that have been paid entirely by the General Fund in prior years. The Village expects its expenditures for 2014 to be reduced significantly due to a reduction in the number of its employees during 2013 and 2014.

BASIC FINANCIAL STATEMENTS

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF NET POSITION
December 31, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$3,697	\$1,365	\$5,062
Receivables (net of allowances for uncollectibles)	3,603	12,678	16,281
Internal balances	1,827	(1,827)	
Capital assets (net)	922,816	1,197,443	2,120,259
TOTAL ASSETS	931,943	1,209,659	2,141,602
LIABILITIES			
Accounts payable	6,744	7,406	14,150
Amount due former employees	2,160		2,160
Accrued payroll liabilities	7,245		7,245
Amount due Internal Revenue Service	39,363		39,363
Customer deposits		7,273	7,273
Accrued interest payable		7,355	7,355
Long-term liabilities:			
Due within one year		22,316	22,316
Due in more than one year		233,729	233,729
TOTAL LIABILITIES	55,512	278,079	333,591
DEFERRED INFLOW OF RESOURCES			
Property taxes	12,413		12,413
NET POSITION			
Net investment in capital assets	922,816	1,197,443	2,120,259
Unrestricted (deficit)	(58,798)	(265,863)	(324,661)
TOTAL NET POSITION	\$864,018	\$931,580	\$1,795,598

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Program Revenues.....			Net (Expense) Revenue andChanges in Net Position.....		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business- Type Activities
GOVERNMENTAL ACTIVITIES:						
General government	\$238,666	\$65,621	\$12,000	\$3,475	(\$157,570)	(\$157,570)
BUSINESS-TYPE ACTIVITIES:						
Water and sewer service	214,383	109,971	849		(\$103,563)	(103,563)
Total government	<u>\$453,049</u>	<u>\$175,592</u>	<u>\$12,849</u>	<u>\$3,475</u>	<u>(157,570)</u>	<u>(261,133)</u>
GENERAL REVENUES, TRANSFERS, AND SPECIAL ITEMS						
General revenues:						
Property taxes					12,272	12,272
Franchise taxes					9,075	9,075
Occupational licenses					16,030	16,030
Investment earnings						41
Other revenues					1,201	1,201
Transfers					56,615	(56,615)
Special item - loss on disposal of capital asset					(6,111)	(6,111)
Total general revenues, transfers, and special items					<u>89,082</u>	<u>(56,574)</u>
CHANGE IN NET POSITION					<u>(68,488)</u>	<u>(160,137)</u>
NET POSITION - BEGINNING					<u>932,506</u>	<u>1,091,717</u>
NET POSITION - ENDING					<u>\$864,018</u>	<u>\$931,580</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$3,578	\$119	\$3,697
Due from Water and Sewer Fund	1,827		1,827
Receivables	3,603		3,603
TOTAL ASSETS	<u>\$9,008</u>	<u>\$119</u>	<u>\$9,127</u>
LIABILITIES			
Accounts payable	\$6,744		\$6,744
Amount due former employees	2,160		2,160
Accrued payroll liabilities	7,245		7,245
Amount due Internal Revenue Service	39,363		39,363
Total liabilities	<u>55,512</u>	<u>NONE</u>	<u>55,512</u>
DEFERRED INFLOW OF RESOURCES			
Property taxes	12,413		12,413
FUND BALANCES			
Unassigned (deficit)	(58,917)		(58,917)
Assigned - capital projects		119	119
Total fund balance (deficit)	<u>(58,917)</u>	<u>119</u>	<u>(58,798)</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	<u>\$9,008</u>	<u>\$119</u>	<u>\$9,127</u>

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

Total fund balances (deficit) - Governmental Funds	(58,798)
Amount reported for net position of governmental activities in the Statement of Net Position (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	922,816
Net position of governmental activities (Statement A)	<u>\$864,018</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General Fund	LCDBG Capital Projects Fund	Total Governmental Funds
REVENUES			
Property taxes	\$12,272		\$12,272
Franchise taxes	9,075		9,075
Licenses and permits	16,030		16,030
Intergovernmental revenue:			
State grants	13,975		13,975
Fines	43,048		43,048
Rent	17,678		17,678
Mowing	1,215		1,215
Other revenues	6,381		6,381
Total revenues	<u>119,674</u>	<u>NONE</u>	<u>119,674</u>
EXPENDITURES			
General government:			
Personal services	165,618		165,618
Operating services	15,533		15,533
Materials and supplies	7,022		7,022
Travel and other	4,589		4,589
Capital outlay	3,474		3,474
Total expenditures	<u>196,236</u>	<u>NONE</u>	<u>196,236</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(76,562)</u>	<u>NONE</u>	<u>(76,562)</u>
OTHER FINANCING SOURCES			
Transfer from Water and Sewer Fund	56,615		56,615
Sale of capital asset	10,000		10,000
Total other financing sources	<u>66,615</u>	<u>NONE</u>	<u>66,615</u>
NET CHANGE IN FUND BALANCES	(9,947)	NONE	(9,947)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>(48,970)</u>	<u>119</u>	<u>(48,851)</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>(\$58,917)</u>	<u>\$119</u>	<u>(\$58,798)</u>

(Continued)

See accompanying notes and independent accountant's review report.

Statement D

VILLAGE OF EPPS
Epps, Louisiana
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2013

Total
Governmental
Funds

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to
the Statement of Activities:**

Net change in fund balances - Total Governmental Funds (S9,947)

Amount reported for governmental activities in the
Statement of Activities (Statement B) is different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation expense exceeded capital outlay
in the current period.

(42,430)

In the statement of activities, only the loss on the disposition of capital
assets is reported, whereas in the governmental funds, any proceeds from
the disposition increase financial resources. Thus, the change in net
position differs from the change in fund balance by the book value of the
assets disposed of.

(16,111)

Change in net position of governmental activities (Statement B)

(S68,488)

(Concluded)

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES
December 31, 2013

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$1,365
Accounts receivable (net of allowance for doubtful accounts)	<u>12,678</u>
Total current assets	14,043
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>1,197,443</u>
Total assets	<u>1,211,486</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$7,406
Due to General Fund	1,827
Accrued interest payable	7,355
Current portion of long-term debt	22,316
Customer deposits	<u>7,273</u>
Total current liabilities	46,177
Noncurrent liabilities:	
Long-term debt - revenue bonds payable	<u>233,729</u>
Total liabilities	<u>279,906</u>
NET POSITION	
Net investment in capital assets	1,197,443
Unrestricted (deficit)	<u>(265,863)</u>
Total net position	<u>\$931,580</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2013

	Water and Sewer Enterprise Fund
OPERATING REVENUES	
Water sales	\$68,016
Sewer fees	36,938
Penalties	4,266
Other	750
Total operating revenue	109,970
OPERATING EXPENSES	
Office supplies	1,452
Accounting	7,376
Advertising	584
Consulting fees	250
Gas, oil, and fuel	9,777
Postage	1,426
Repairs and maintenance	3,654
Utilities and telephone	36,989
Supplies	4,727
Insurance	20,616
Miscellaneous	2,589
Fees and dues	1,725
Water and sewer analysis	4,435
Travel and seminars	362
Depreciation	103,961
Total operating expenses	199,923
OPERATING INCOME (Loss)	(89,953)
NON-OPERATING REVENUES (Expenses)	
Interest earned on deposits	41
State grant	849
Transfers to General Fund	(56,615)
Interest expense	(14,459)
Total non-operating revenues (expenses)	(70,184)
CHANGE IN NET POSITION	(160,137)
NET POSITION - BEGINNING	1,091,717
NET POSITION - ENDING	\$931,580

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2013

	<u>Water and Sewer Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$110,545
Customer meter deposits (net)	(300)
Payments to suppliers	<u>(90,877)</u>
Net cash provided by operating activities	<u>19,368</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	(54,788)
State grant	<u>849</u>
Net cash used by noncapital financing activities	<u>(53,939)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(21,555)
Interest paid on capital debt	<u>(14,767)</u>
Net cash used by capital and related financing activities	<u>(36,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	41
Decrease in restricted cash - certificates of deposit	<u>47,110</u>
Net cash provided by investing activities	<u>47,151</u>
NET DECREASE IN CASH	<u>(23,742)</u>
CASH AT BEGINNING OF YEAR	<u>25,107</u>
CASH AT END OF YEAR	<u><u>\$1,365</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(\$89,953)</u>
Adjustments:	
Depreciation	103,961
Decrease in accounts receivable	576
Decrease in customer meter deposits	(300)
Increase in accounts payable	<u>5,084</u>
Total adjustments	<u>109,321</u>
Net cash provided by operating activities	<u><u>\$19,368</u></u>

See accompanying notes and independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

INTRODUCTION

The Village of Epps was incorporated under the provisions of the Lawrason Act in 1939. The village is governed by the mayor-board of aldermen form of government. The mayor and three aldermen serve four-year terms which expire on December 31, 2014. The aldermen normally receive a per diem of \$125 for each regular meeting. However, the mayor and the aldermen did not receive a salary for the months of November and December 2013 due to the poor financial condition of the village. The village provides general government, public safety, public works, and water and sewer services to its residents. The village has a full-time clerk, an elected Chief of Police and three other employees.

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 the provisions of these statements, the Village of Epps is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14 and 39, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The village has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

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

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

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

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

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

The Village of Epps reports the following governmental funds:

General Fund

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

Capital Projects - LCDBG Fund

The LCDBG Fund was used to account for a grant from the United States Department of Housing and Urban Development, Division of Administration for a street improvement project that was completed

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

in 2012. There was no activity in this fund for the year ended December 31, 2013.

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

Water and Sewer Enterprise Fund

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

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

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

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

C. Deposits

The village's cash are amounts in demand deposits and cash on hand at year-end. State law limits the village's credit risk by restricting the village's investments to 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

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

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VILLAGE OF EPPS
Notes to the Financial Statements

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The village is authorized to levy a maximum tax of 7.35 mills annually on property within the boundaries of the village for general government purposes beginning with the year 2012. The district levied 7.35 mills on property with an assessed value of \$1,666,830 for the year ended December 31, 2013. The taxes are levied in 2013 for the 2014 calendar year, therefore, the revenue resulting from the 2013 tax levy will be recognized in 2014. The property tax revenue recognized in 2013 is from the 2012 levy.

Receivables for water and sewer service are shown net of an allowance for uncollectible amounts. The allowance for uncollectibles is based a percentage of past due accounts at year-end. Past due amounts are written off when they are considered uncollectible by management.

E. Capital Assets

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

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

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

F. Compensated Absences

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

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

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

G. Long-Term Obligations

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

I. Net Position/Fund Balance

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position by either of the following ways:

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

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net position in the government-wide statement of net position as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the board of aldermen are reported as committed fund balance.

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VILLAGE OF EPPS
Notes to the Financial Statements

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

At December 31, 2013, the Village had only unassigned fund balance in the General Fund. The fund balance in the LCDBG Capital Project Fund was assigned for future capital projects.

J. Estimates

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

K. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2013 for the Water and Sewer Enterprise Fund:

Total interest cost expensed	\$14,459
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$14,459</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Information

The Village of Epps uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in December each year; however for 2013, the budget was not adopted until July 8, 2013. 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, 2013.

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VILLAGE OF EPPS
Notes to the Financial Statements

The following individual fund had actual revenues and other financing sources less than budgeted revenues and other financing sources for the year ended December 31, 2013:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$283,450</u>	<u>\$283,450</u>	<u>\$186,289</u>	<u>\$97,161</u>

B. Fund Balance Deficit

The General Fund had a \$58,917 deficit fund balance at December 31, 2013. The village is working to reduce this deficit by decreasing expenditures and reducing the number of employees.

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2013, the village has cash (book balances) as follows:

Undeposited funds on hand	\$440
Checking accounts	<u>4,622</u>
Total	<u>\$5,062</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2013, the Village of Epps had \$5,300 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2013:

	General Fund	Water and Sewer Enterprise Fund	Total
Property taxes	\$1,604		\$1,604
Franchise taxes	1,999		1,999
Charges for services		\$14,683	14,683
Allowance for doubtful accounts		<u>(2,005)</u>	<u>(2,005)</u>
Total	<u>\$3,603</u>	<u>\$12,678</u>	<u>\$16,281</u>

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VILLAGE OF EPPS
Notes to the Financial Statements

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2013, is as follows:

	Balance at January 1, 2013	Increases	Decreases	Balance at December 31, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$234,000	NONE	NONE	\$234,000
Capital assets being depreciated:				
Buildings	\$432,032			\$432,032
Vehicles and equipment	240,958	3,474	(\$20,000)	224,432
Street improvements	473,961			473,961
Total capital assets being depreciated	<u>1,146,951</u>	<u>3,474</u>	<u>(20,000)</u>	<u>1,130,425</u>
Less accumulated depreciation for:				
Buildings	250,942	10,801		261,743
Vehicles and equipment	143,715	23,254	(3,889)	163,080
Street improvements	4,937	11,849		16,786
Total accumulated depreciation	<u>399,594</u>	<u>45,904</u>	<u>(3,889)</u>	<u>441,609</u>
Total assets being depreciated, net	<u>747,357</u>	<u>(42,430)</u>	<u>(16,111)</u>	<u>688,816</u>
Total assets, net	<u>\$981,357</u>	<u>(\$42,430)</u>	<u>(\$16,111)</u>	<u>\$922,816</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$29,000	NONE	NONE	\$29,000
Capital assets being depreciated:				
Water and sewer systems and improvements	2,739,333			2,739,333
Building	11,235			11,235
Equipment	33,129			33,129

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VILLAGE OF EPPS
Notes to the Financial Statements

	Balance at January 1, 2013	Increases	Decreases	Balance at December 31, 2013
Total capital assets being depreciated	\$2,783,697	NONE	NONE	\$2,783,697
Less accumulated depreciation for:				
Water and sewer systems and improvements	1,488,445	102,131		1,590,576
Building	2,364	449		2,813
Equipment	20,484	1,381		21,865
Total accumulated depreciation	1,511,293	103,961	NONE	1,615,254
Total assets being depreciated, net	1,272,404	(103,961)	NONE	1,168,443
Total assets, net	<u>\$1,301,404</u>	<u>(\$103,961)</u>	<u>NONE</u>	<u>\$1,197,443</u>

Depreciation expense of \$45,904 was charged to the general government governmental function and \$103,961 was charged to the water and sewer business-type activities function for the year ended December 31, 2013.

6. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended December 31, 2013:

	Transfer In	Transfer Out
General Fund	\$56,615	
Water and Sewer Enterprise Fund		56,615
Total	<u>\$56,615</u>	<u>\$56,615</u>

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

7. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2013:

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VILLAGE OF EPPS
Notes to the Financial Statements

	<u>Revenue Bonds Payable</u>
Balance January 1, 2013	\$277,600
Additions	
Reductions	<u>(21,555)</u>
Balance at December 31, 2013	<u>\$256,045</u>

Interest expense of \$14,459 was charged to the water and sewer business-type activities function for the year ended December 31, 2013.

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, 2013:

	<u>Revenue Bonds Payable</u>
Current portion	\$22,316
Long-term portion	<u>233,729</u>
Total	<u>\$256,045</u>

Revenue bonds payable in the amount of \$256,045 have maturities from 2014 until 2029 and 4.5% to 6.125% interest rates. Loan principal and interest payable in the next fiscal year are \$22,316 and \$13,981, respectively. The individual bonds are as follows:

	<u>\$237,000</u>	<u>\$13,000</u>	<u>\$359,000</u>
	Bonds	Bonds	Bonds
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	\$84,870	\$4,805	\$14,039
Principal outstanding	\$154,660	\$8,550	\$92,835
Funding source	Water revenue	Water revenue	Sewer revenue

The loans are due as follows:

	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
<u>Year Ending December 31,</u> 2014	\$22,316	\$13,981	\$36,297

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VILLAGE OF EPPS
Notes to the Financial Statements

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2015	\$23,425	\$12,872	\$36,297
2016	24,590	11,707	36,297
2017	25,813	10,483	36,296
2018	27,100	9,197	36,297
2019 - 2023	61,032	31,743	92,775
2024 - 2028	70,065	13,628	83,693
2029	1,704	103	1,807
Total	<u>\$256,045</u>	<u>\$103,714</u>	<u>\$359,759</u>

8. 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 7 above, require the village to establish the following reserve accounts:

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

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the 1996 Sewer Revenue Bonds discussed in Note 7 above, require the village to establish the following reserve accounts:

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

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

During the year ended December 31, 2013 the village withdrew \$47,151 set aside in restricted accounts to meet the above reserve requirements. These funds were used to make payments on the revenue bonds discussed in Note 7 and to pay operating expenses of the General Fund. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 2013:

Reserve for revenue bonds payable at January 1, 2013	\$47,110
Interest earnings	41
Withdrawals	<u>(47,151)</u>
Reserve for reserve bonds payable at December 31, 2013	<u>NONE</u>

9. PENSION PLAN

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

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

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

Plan members are required by state statute to contribute 10% of their annual covered salary and the village is required to contribute an actuarially determined rate. The rate for 2013 was 30%. The contribution requirements of plan members and the village are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The village's required contributions to the System for the years ended December 31, 2013 and 2012 were \$10,350 each year. The village made all the required contributions for 2012 but only paid in \$3,720 for 2013 due to the poor financial condition of the village.

10. ON-BEHALF PAYMENTS FOR SALARIES

For the year ended December 31, 2013, the Village recognized revenue and expenditures of \$10,500 in salary supplements from the State of Louisiana paid directly to employees of the police department.

11. AMOUNT DUE INTERNAL REVENUE SERVICE

At December 31, 2011, the Village of Epps owed the Internal Revenue Service (IRS) approximately \$75,262 for past due payroll taxes, interest, and penalties. During 2012, the village negotiated a settlement with the IRS and the liability was reduced to \$39,363. The village is still in negotiations with the IRS to have the remaining amount deemed uncollectible.

12. AMOUNT DUE FORMER EMPLOYEES

During 2012 and 2013, the village withheld retirement contributions from the salaries of two employees based on their intent to enroll in the Municipal Police Employees' Retirement System. However, the two employees never actually enrolled in the retirement system. During 2013, both of the employee's employment with the village was terminated due to the poor financial condition of the village. The village owes a total of \$2,160 to these former employees.

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 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.

14. GOING CONCERN

The Village's General Fund had a deficit in unassigned fund balance of \$58,917 at December 31, 2013. The increase in the deficit for the year ended December 31, 2013 was \$9,947. The rental revenues received from the West Carroll Detention Center have declined significantly during 2013 from amounts received in prior years due

See independent accountant's review report.

VILLAGE OF EPPS
Notes to the Financial Statements

to closing of the facility in November 2012. The village is working to reduce this deficit by decreasing expenditures and reducing the number of employees. The village intends to place a one-half cent sales tax proposition before the voters in 2014 and has a contract to sell 1.3 acres of land for \$104,000. The Village also raised water and sewer rates during 2013 in order to generate more revenue in the Water and Sewer Enterprise Fund. This increase in revenue will allow the Water and Sewer Enterprise Fund to pay its share of operating expenses such as salaries, utilities, and insurance that have been paid entirely by the General Fund in prior years.

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.

The village is involved in one lawsuit at December 31, 2013 that has been ongoing for several years. No provision for any liability is recorded in the accompanying financial statements.

16. SUBSEQUENT EVENTS

The Village of Epps has evaluated subsequent events through June 20, 2014, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

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

For the Year Ended December 31, 2013

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$8,000	\$8,000	\$12,272	\$4,272
Franchise taxes	12,200	12,200	9,075	(3,125)
Licenses and permits	20,000	20,000	16,030	(3,970)
Intergovernmental revenue:				
State grants	49,000	49,000	13,975	(35,025)
Fines	50,000	50,000	43,048	(6,952)
Rent	63,000	63,000	17,678	(45,322)
Mowing	2,500	2,500	1,215	(1,285)
Other revenue	3,000	3,000	6,381	3,381
Total revenues	<u>207,700</u>	<u>207,700</u>	<u>119,674</u>	<u>(88,026)</u>
EXPENDITURES				
General government:				
Personal services	220,000	220,000	165,618	54,382
Operating services	49,150	49,150	15,533	33,617
Materials and supplies	9,000	9,000	7,022	1,978
Travel and other	2,300	2,300	4,589	(2,289)
Capital outlay			3,474	(3,474)
Total expenditures	<u>280,450</u>	<u>280,450</u>	<u>196,236</u>	<u>84,214</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(72,750)</u>	<u>(72,750)</u>	<u>(76,562)</u>	<u>(3,812)</u>
OTHER FINANCING SOURCES				
Transfer from Water and Sewer Fund	75,750	75,750	56,615	(19,135)
Sale of capital asset			10,000	10,000
Total other financing sources	<u>75,750</u>	<u>75,750</u>	<u>66,615</u>	<u>(9,135)</u>
NET CHANGE IN FUND BALANCE	3,000	3,000	(9,947)	(12,947)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>(60,000)</u>	<u>(60,000)</u>	<u>(48,970)</u>	<u>11,030</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>(\$57,000)</u>	<u>(\$57,000)</u>	<u>(\$58,917)</u>	<u>(\$1,917)</u>

There were no budget amendments during the year ended December 31, 2013.

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OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2013

PER DIEM PAID ALDERMEN

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive a per diem of \$125 for each regular meeting; however, the Board of Aldermen voted to suspend these payments in October 2013 due to the poor financial condition of the village.

STATUS OF PRIOR YEAR FINDINGS

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

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

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

See independent accountant's review report.

Schedule 2

VILLAGE OF EPPS
Epps, Louisiana

Schedule of Per Diem Paid Aldermen
For the Year Ended December 31, 2013

Shirley Gibson	\$1,250
Charlie Grimble	1,250
Roberta Simms	<u>1,250</u>
Total	<u>\$3,750</u>

See independent accountant's review report.

VILLAGE OF EPPS
Epps, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2013

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2012-1	2008	Inadequate Segregation of Accounting Duties	No	See current year findings.
2012-2	2008	Inadequate Controls Over Preparation of Financial Statements	No	See current year findings.
2012-3	2012	Need to Adhere to Internal Controls Over Cash Disbursements	Yes	N/A
2012-4	2010	Inadequate Controls over Water and Sewer Accounts Receivable	Partial	See current year findings.
2012-5	2010	Noncompliance with Local Government Budget Act	No	See current year findings.
2012-6	2012	Noncompliance with Grant Agreement	Yes	N/A
2012-7	2012	Noncompliance with Terms of Bond Covenants	No	See current year findings.

See independent accountant's review report.

VILLAGE OF EPPS.
Epps, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2013

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Inadequate Segregation of Accounting Duties	None	Roberta Simms, Mayor	N/A
N/A	Inadequate Controls Over Preparation of Financial Statements	None	Roberta Simms, Mayor	N/A
N/A	The Water and Sewer Fund accounts receivable balance recorded in the general ledger is not reconciled to the accounts receivable subsidiary records on a monthly basis.	The village is going to pursue the hiring of a different accounting firm as soon as funds are available to do so.	Roberta Simms, Mayor	August 31, 2014
N/A	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.	The village anticipates funding the reserve accounts as soon as funds are available to do so.	Roberta Simms, Mayor	August 31, 2014

(Continued)

See independent accountant's review report.

VILLAGE OF EPPS
 Epps, Louisiana
 CURRENT YEAR FINDINGS AND
 CORRECTIVE ACTION PLAN
 For the Year Ended December 31, 2013

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 6	The 2013 General Fund Budget was adopted on July 8, 2013.	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 that would be in compliance with the Local Government Budget Act. The budget for 2015 will be adopted before January 1, 2015.	Roberta Simms, Mayor	December 31, 2014
Procedure 7	Actual General Fund revenues and other financing sources failed to meet budgeted revenues and other financing sources by \$97,161 or 34%.	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.	Roberta Simms, Mayor	December 31, 2014

(Continued)

See independent accountant's review report.

VILLAGE OF EPPS
 Epps, Louisiana
 CURRENT YEAR FINDINGS AND
 CORRECTIVE ACTION PLAN
 For the Year Ended December 31, 2013

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 7	Budgeted General Fund expenditures exceeded estimated funds available by \$57,000.	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 that would be in compliance with the Local Government Budget Act. The budget for 2015 will be in compliance with Local Government Budget Act.	Roberta Simms, Mayor	December 31, 2014
Procedure 8b	Three out of six disbursements examined were not posted to the proper general ledger account.	The village is going to pursue the hiring of a different accounting firm as soon as funds are available to do so.	Roberta Simms, Mayor	August 31, 2014
N/A	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 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 this sale.	Roberta Simms, Mayor	August 31, 2014

(Continued)

See independent accountant's review report.

VILLAGE OF EPPS
 Epps, Louisiana
 CURRENT YEAR FINDINGS AND
 CORRECTIVE ACTION PLAN
 For the Year Ended December 31, 2013

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	The village owes \$2,160 to former employees for retirement contributions withheld from their paychecks in error during 2012 and 2013.	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 to these individuals as soon as it receives the proceeds from this sale.	Roberta Simms, Mayor	August 31, 2014
N/A	The village did not remit state income state withholdings for the 3 rd and 4 th quarter of 2013 in a timely manner.	The 3 rd quarter payment was made on February 4, 2014. The 4 th quarter payment will be made immediately.	Roberta Simms, Mayor	June 30, 2014
N/A	The village did not remit state fees collected on traffic citations for the months of March and September through December 2013.	The amounts due for 2013 will be paid immediately.	Roberta Simms, Mayor	June 30, 2014

(Concluded)

See independent accountant's review report.

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

Independent Accountant's Report
On Applying Agreed-Upon Procedures

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF EPPS
Epps, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Epps and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2013 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Village is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$30,000 nor were there any disbursements for public works exceeding \$150,000 made during the year.

Code of Ethics for Public Officials and Public Employees

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

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

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Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2013

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

Management provided me with the required list.

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

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

Budgeting

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

I obtained a copy of the legally adopted budget for the General Fund. There were no budget amendments during the year.

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

The budget was adopted on July 8, 2013.

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.

General Fund actual revenues and other financing sources failed to meet budgeted revenues and other financing sources by \$97,161 or 34%. Actual General Fund expenditures were less than budgeted expenditures. Budgeted General Fund expenditures were more than estimated funds available.

Accounting and Reporting

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

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2013

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

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were adequately supported.
- (b) Three of the six selected payments were not posted to the correct general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

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

The public notices for meetings were posted as required by LSA-RS 42:7.

Debt

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

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

Advances and Bonuses

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

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

Prior Comments and Recommendations

There were seven findings included in the prior year report. The status of those findings is presented in the accompanying schedule of the status of prior year findings.

Village of Epps
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2013

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 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.

/s/ Carleen Dumas
Calhoun, Louisiana
June 20, 2014

Louisiana Attestation Questionnaire

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

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

Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2013 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of December 31, 2013.

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, State Purchasing Office.

Yes No N/A

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 which would constitute a violation of R.S. 42:1101-1124.

Yes No N/A

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

Yes No N/A

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 N/A

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 N/A

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

Yes No N/A

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

Yes No N/A

Meetings

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

Yes No N/A

Debt

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

Yes No N/A

Advances and Bonuses

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

Yes No N/A

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

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

/s Roberta P. Simms 6/9/14
Name Date