

VILLAGE OF EPPS, LOUISIANA

*Financial Statements
For the Year Ended December 31, 2020*



VILLAGE OF EPPS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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VILLAGE OF EPPS, LOUISIANA
FINANCIAL STATEMENTS
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Epps, Louisiana (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

Accountant's Conclusion

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



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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 26, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

Other Information

The accompanying schedule of compensation, reimbursements, benefits, and other payments to agency head and schedule of aldermen's compensation on Page 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

The accompanying justice system funding schedule on Page 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with the reporting framework prescribed by Louisiana Revised Statute 24:515.2 and the Louisiana Legislative Auditor. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Maxwell CPA, LLC
Monroe, Louisiana
September 24, 2021

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

VILLAGE OF EPPS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

As management of the Village of Epps, we offer readers of the Village of Epps' financial statements this narrative overview and analysis of the financial activities of the Village of Epps for the year ended December 31, 2020. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Village's financial position, and identify material deviations and individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the fiscal year by \$1,447,955 (net position). Of this amount, \$68,919 (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 \$11,597.
- As of the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$682,773 a decrease of \$11,794 in comparison with the prior year. Of this total amount, \$14,712 is available for spending at the government's discretion (unrestricted net position).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements can be found on pages 9 and 10 of this report.

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUNDS

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

NOTES TO FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

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 \$1,447,955, at the close of the most recent fiscal year.

By far the largest amount of the Village of Epps' net assets (\$1,363,410) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Epps uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Epps investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/19</u>
Current & other assets	\$ 20,954	\$ 31,840	\$ 90,582	\$ 50,570	\$ 111,536	\$ 82,410
Capital assets	<u>668,061</u>	<u>667,610</u>	<u>790,407</u>	<u>859,679</u>	<u>1,458,468</u>	<u>1,527,289</u>
Total assets	<u>\$ 689,015</u>	<u>\$ 699,450</u>	<u>\$ 880,989</u>	<u>\$ 910,249</u>	<u>\$ 1,570,004</u>	<u>\$ 1,609,699</u>
Current & other liabilities	\$ 6,242	\$ 4,883	\$ 35,262	\$ 31,305	\$ 41,504	\$ 36,188
Long-Term liabilities	<u>-</u>	<u>-</u>	<u>80,545</u>	<u>113,959</u>	<u>80,545</u>	<u>113,959</u>
Total liabilities	\$ 6,242	\$ 4,883	\$ 115,807	\$ 145,264	\$ 122,049	\$ 150,147
Net Position:						
Invested in Capital Assets						
net of related debt	\$ 668,061	\$ 667,610	\$ 695,349	\$ 745,720	\$ 1,363,410	\$ 1,413,330
Restricted	-	-	15,626	11,982	15,626	11,982
Unrestricted	<u>14,712</u>	<u>26,957</u>	<u>54,207</u>	<u>7,283</u>	<u>68,919</u>	<u>34,240</u>
Total net position	<u>\$ 682,773</u>	<u>\$ 694,567</u>	<u>\$ 765,182</u>	<u>\$ 764,985</u>	<u>\$ 1,447,955</u>	<u>\$ 1,459,552</u>

The balance of \$14,712 in unrestricted net position in the governmental activities represents the accumulated results of all past year's operations. Net position decreased by \$11,597 overall from the prior year. The changes in net position are discussed later in this MD&A.

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Village of Epps' net position by \$11,794. Key elements of the changes in net position are as follows:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/19</u>
Revenues						
Program Revenues						
Charges for Services	\$ 48,465	\$ 52,793	\$ 197,706	\$ 189,041	\$ 246,171	\$ 241,834
Grants and Contributions	19,797	17,130	16,635	-	36,432	17,130
General Revenues						
Property Taxes	17,027	16,588	-	-	17,027	16,588
Franchise Taxes	7,306	7,482	-	-	7,306	7,482
Sales Taxes	21,913	20,803	-	-	21,913	20,803
Other Revenues	1,510	5,493	14	2,884	1,524	8,377
Total Revenues	116,018	120,289	214,355	191,925	330,373	312,214
Expenses						
General Government	43,043	86,866	-	-	43,043	86,866
Public Works	23,821	-	-	-	23,821	-
Public Safety & Protection	60,948	39,336	-	-	60,948	39,336
Water and Sewer	-	-	214,158	241,538	214,158	241,538
Total Expenses	127,812	126,202	214,158	241,538	341,970	367,740
Increase (Decrease) in Net Position						
Before Transfers	(11,794)	(5,913)	197	(49,613)	(11,597)	(55,526)
Transfers	-	6,387	-	(6,387)	-	-
Increase (Decrease) in Net Position	\$ (11,794)	\$ 474	\$ 197	\$ (56,000)	\$ (11,597)	\$ (55,526)

Expenses are classified by functions/programs. Public Safety and Protection accounts for approximately \$61,000 while general government and public works accounts for approximately \$67,000 for the fiscal year 2020. The related program revenues for the fiscal year 2020 directly related to these expenses totaled approximately \$68,000 which resulted in net program expenses of approximately \$60,000. 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, ad valorem tax and sales tax revenues are the largest and most significant source of revenue for the Village of Epps. It provides approximately \$46,000 of general fund revenues.
- Licenses and Permits are the second largest revenue source to the Village, generating approximately \$28,000 of general fund revenues.

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

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the Village of Epps' net position by approximately \$200. The increase was primarily attributable to a decrease in operating expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of the end of the current fiscal year, the Village of Epps' governmental funds reported combined ending fund balance of \$14,712 a decrease of \$12,245 in comparison with the prior year. All of this total amount \$14,712 constitutes unassigned fund balance, which is available for spending at the Village's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The General Fund actual revenues had a favorable variance of \$2,288 compared to budgeted revenues. Actual expenditures were less than budgeted by \$5,389 mainly because of cuts made to expenditures during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village of Epps' investment in capital assets for its governmental and business type activities as of December 31, 2020, amounts to \$1,458,468 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and street improvements.

Improvements to the sewer system were the only capital expenditures in the current fiscal year.

Village of Epps Capital Assets

	<u>12/31/2020</u>	<u>12/31/2019</u>
Land	\$ 158,000	\$ 158,000
Buildings and Improvements	461,998	461,998
Vehicles and Equipment	298,480	244,803
Infrastructure	473,961	473,961
Water and Sewer System	2,919,279	2,919,279
Total	<u>4,311,718</u>	<u>4,258,041</u>
Less Accumulated Depreciation	<u>(2,853,250)</u>	<u>(2,730,752)</u>
Total Capital Assets	\$ 1,458,468	\$ 1,527,289

Village of Epps Outstanding Debt

Revenue Bonds	\$ 95,058	\$ 113,959
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Village of Epps, Louisiana
Management Discussion and Analysis (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Factors considered in preparing the Village of Epps' budget for the 2021 fiscal year included the impact that the property tax reassessments that were completed with increased property values for the Village and determining the amount of revenue that will be generated from that tax. With current economic conditions, property tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

REQUESTS FOR INFORMATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 15,019	\$ 43,687	\$ 58,706
Receivables, net of allowance	6,190	14,864	21,054
Due To/From Other Funds	(255)	255	-
Restricted Cash	-	31,776	31,776
Capital Assets (net)	668,061	790,407	1,458,468
<u>TOTAL ASSETS</u>	<u>\$ 689,015</u>	<u>\$ 880,989</u>	<u>\$ 1,570,004</u>
<u>LIABILITIES</u>			
Accounts, Salaries, and Other Payables	\$ 6,242	\$ 3,228	\$ 9,470
Customer Deposits	-	17,114	17,114
Accrued Interest Payable	-	407	407
Bonds Payable, current portion	-	14,513	14,513
Total Current Liabilities	6,242	35,262	41,504
Bonds Payable, long-term portion	-	80,545	80,545
<u>TOTAL LIABILITIES</u>	6,242	115,807	122,049
<u>NET POSITION</u>			
Net Investment in Capital Assets	668,061	695,349	1,363,410
Restricted for			
Debt Service	-	15,626	15,626
Unrestricted (deficit)	14,712	54,207	68,919
<u>TOTAL NET POSITION</u>	<u>\$ 682,773</u>	<u>\$ 765,182</u>	<u>\$ 1,447,955</u>

See independent accountant's review report and notes to financial statements.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	
<u>Functions/Programs</u>					
Governmental Activities					
General Government	\$ 43,043	\$ 36,018	\$ 2,130	\$ -	\$ (4,895)
Public Safety	60,948	12,447		17,667	(30,834)
Public Works	23,821	-	-		(23,821)
Total Governmental Activities	127,812	48,465	2,130	17,667	(59,550)
<u>Business-Type Activities:</u>					
Water and Sewer	214,158	197,706	-	16,635	183
<u>Total Primary Government</u>	\$ 341,970	\$ 246,171	\$ 2,130	\$ 34,302	\$ (59,367)

General Revenues:

Property Taxes
Franchise Taxes
Sales Taxes
Interest Income
Other Revenues
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Governmental Activities	Business-Type Activities	Total
\$ (4,895)	\$ -	\$ (4,895)
(30,834)	-	(30,834)
(23,821)	-	(23,821)
<u>(59,550)</u>	<u>-</u>	<u>(59,550)</u>
-	183	183
(59,550)	183	(59,367)
17,027	-	17,027
7,306	-	7,306
21,913	-	21,913
-	14	14
1,510	-	1,510
<u>-</u>	<u>-</u>	<u>-</u>
<u>47,756</u>	<u>14</u>	<u>47,770</u>
(11,794)	197	(11,597)
<u>694,567</u>	<u>764,985</u>	<u>1,459,552</u>
<u>\$ 682,773</u>	<u>\$ 765,182</u>	<u>\$ 1,447,955</u>

See independent accountant's review report and notes to financial statements.

FUND FINANCIAL STATEMENTS

VILLAGE OF EPPS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>LCDBG Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 15,019	\$ -	\$ 15,019
Receivables			
Ad Valorem Taxes - Net	3,235	-	3,235
Sales Taxes	2,955	-	2,955
Other	-	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 21,209</u>	<u>\$ -</u>	<u>\$ 21,209</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 6,242	\$ -	\$ 6,242
Due To Other Funds	255	-	255
Total Liabilities	<hr/> 6,497	<hr/> -	<hr/> 6,497
<u>FUND BALANCES</u>			
Unassigned	<hr/> 14,712	<hr/> -	<hr/> 14,712
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 21,209</u>	<u>\$ -</u>	<u>\$ 21,209</u>

VILLAGE OF EPPS, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Governmental Fund Balances	\$ 14,712
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*Amounts reported for governmental activities
in the statement of net position are different
because:*

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

<u>668,061</u>

Net Position of Governmental Activities

<u><u>\$ 682,773</u></u>

See independent accountant's review report and notes to financial statements.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>LCDBG Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Taxes:			
Franchise Tax	\$ 7,306	\$ -	\$ 7,306
Ad Valorem Tax	17,027	-	17,027
Sales Tax	21,913	-	21,913
Licenses and Permits	28,354	-	28,354
Intergovernmental Revenues:			
State Funds:			
Grant	19,797	-	19,797
Rent	7,664	-	7,664
Fines and Tickets	12,447	-	12,447
Other Grants	-	-	-
Other Revenues	1,510	-	1,510
Total Revenues	<u>116,018</u>	<u>-</u>	<u>116,018</u>
<u>Expenditures</u>			
General Government	35,708	-	35,708
Public Safety and Protection	54,367	-	54,367
Operating Services	5,451	-	5,451
Capital Outlay	32,737	-	32,737
Total Expenditures	<u>128,263</u>	<u>-</u>	<u>128,263</u>
<u>Excess (Deficiency) of Revenues</u>			
<u>Over Expenditures</u>	(12,245)	-	(12,245)
<u>Other Financing Sources and (Uses)</u>			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Change in Fund Balance</u>	(12,245)	-	(12,245)
<u>Fund Balances - Beginning</u>	<u>26,957</u>	<u>-</u>	<u>26,957</u>
<u>FUND BALANCES - ENDING</u>	<u>\$ 14,712</u>	<u>\$ -</u>	<u>\$ 14,712</u>

VILLAGE OF EPPS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ (12,245)
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*Amounts reported for governmental activities
in the statement of activities are different
because:*

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

Capital asset purchases capitalized	32,737		
Depreciation expense	(32,286)		451

Change in Net Position of Governmental Activities		<u>\$ (11,794)</u>
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See independent accountant's review report and notes to financial statements.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Water and Sewer Fund</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 43,687
Receivables, net of allowance	14,864
Due From Other Funds	255
Total Current Assets	<u>58,806</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	31,776
<u>Non-Current Assets</u>	
Capital Assets (net of accumulated depreciation)	<u>790,407</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 880,989</u></u>

<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts, Salaries, and Other Payables	\$ 3,228
Customer Deposits Refundable	17,114
Accrued Interest Payable	407
Current Portion of Notes Payable - USDA	14,513
Total Current Liabilities	<u>35,262</u>
<u>Long Term Liabilities</u>	
Notes Payable - USDA	<u>80,545</u>
<u>TOTAL LIABILITIES</u>	115,807

<u>NET POSITION</u>	
Net Investment in Capital Assets	695,349
Restricted	
Debt Service	7,830
Depreciation and Contingency	7,796
Unrestricted (Deficit)	<u>54,207</u>
<u>TOTAL NET POSITION</u>	<u><u>\$ 765,182</u></u>

See independent accountant's review report and notes to financial statements.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Water and Sewer Enterprise Fund</u>
<u>Operating Revenues</u>	
Charges for Services:	
Water and Sewer	\$ 197,706
<u>Operating Expenses</u>	
Operations	101,578
Maintenance and Repairs	14,806
Depreciation	90,212
Total Operating Expenses	<u>206,596</u>
<u>Operating Income (Loss)</u>	(8,890)
<u>Nonoperating Income (Expense)</u>	
Interest Income	14
Interest Expense	(7,562)
Grant Income	16,635
Total Nonoperating Income (Expense)	<u>9,087</u>
<u>Income (Loss) Before Contributions and Transfers</u>	197
<u>Capital Contributions and Transfers</u>	
Transfers In/Out	-
<u>Change in Net Position</u>	197
<u>Net Position - Beginning</u>	<u>764,985</u>
<u>NET POSITION - ENDING</u>	<u><u>\$ 765,182</u></u>

See independent accountant's review report and notes to financial statements.

VILLAGE OF EPPS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Water and Sewer Enterprise Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 200,768
Payments to Suppliers	(124,139)
Payments to Employees for Services and Benefits	(7,496)
Net Cash Provided by Operating Activities	<u>69,133</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Increase in Interfund Receivables	(255)
Increase in Customer Deposits	4,750
Net Cash Flows from Noncapital Financing Activities	<u>4,495</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(20,940)
Capital Grant	16,635
Principal Paid on Debt	(18,901)
Interest Paid on Debt	(7,617)
Net Cash Flows from Capital and Related Financing Activities	<u>(30,823)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>14</u>
<u>Net Decrease in Cash and Cash Equivalents</u>	42,819
<u>Cash and Cash Equivalents, Beginning of the Year</u>	<u>32,644</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u><u>\$ 75,463</u></u>
<u>Shown on the Accompanying Statement of Net Position as:</u>	
Cash	\$ 43,687
Restricted Assets - Cash	31,776
Total Cash	<u><u>\$ 75,463</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Operating Loss	\$ (8,890)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	90,212
Decrease in Accounts Receivable	3,062
Decrease in Accounts Payable	(15,251)
Total Adjustments	<u>78,023</u>
<u>Net Cash Provided by Operating Activities</u>	<u><u>\$ 69,133</u></u>

See independent accountant's review report and notes to financial statements.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Introduction

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

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No 14* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No 14 and 39, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Village of Epps has no component units as of December 31, 2020.

Note 1 – Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

The Village reports the following major governmental funds:

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

The Village reports the following major proprietary fund:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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

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.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

E. Capital Assets (continued)

assets are recorded as capital assets at their estimated fair market value at the date of donation. Approximately 90 percent of the Village’s capital assets have been capitalized at cost and the remaining 10 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Village maintains a threshold level of \$1,000 or more capitalizing capital assets.

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

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

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

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

F. Compensated Absences

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

G. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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

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 non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form- prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

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

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

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

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

J. Estimates

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

Note 2 – Stewardship, Compliance, and Accountability

Budget Information. The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting is normally presented to the board of aldermen in December each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There were no budget amendments during the year ended December 31, 2020.

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

Note 3 – Cash and Cash Equivalents

At December 31, 2020, the Village has cash and cash equivalents (book balances) totaling \$90,482 as follows:

	General Fund	Water and Sewer Fund	Totals
Demand Deposits	\$ 14,877	\$ 75,463	\$ 90,340
Cash on Hand	142	-	142
	\$ 15,019	\$ 75,463	\$ 90,482

Custodial Credit Risk – Deposits. The custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. The Village’s policy to ensure there is not exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the Village had no custodial credit risk related to its deposits at December 31, 2020.

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually accepted to both parties.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 3 – Cash and Cash Equivalents (continued)

At December 31, 2020, the Village has \$92,244 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

Note 4 – Receivables

The receivables of \$21,054 at December 31, 2020 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Property Taxes	\$ 3,235	\$ -	\$ 3,235
Sales Taxes	2,955	-	2,955
Charges for Services	-	14,864	14,864
	<u>\$ 6,190</u>	<u>\$ 14,864</u>	<u>\$ 21,054</u>

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

Note 5 – Capital Assets

Capital Assets and depreciation activity as of and for the year ended December 31, 2020 for the primary government is as follows:

	<u>Balance 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 129,000	\$ -	\$ -	\$ 129,000
Depreciable Assets:				
Buildings & Improvements	450,763	-	-	450,763
Vehicles & Equipment	211,674	32,737	-	244,411
Street Improvements	<u>473,961</u>	<u>-</u>	<u>-</u>	<u>473,961</u>
Total Capital Assets Being Depreciated	1,136,398	32,737	-	1,169,135
Less Accumulated Depreciation	<u>597,788</u>	<u>32,286</u>	<u>-</u>	<u>630,074</u>
Total Capital Assets Being Depreciated, net	538,610	451	-	539,061
Total Governmental Activities Capital Assets, net	<u>\$ 667,610</u>	<u>\$ 451</u>	<u>\$ -</u>	<u>\$ 668,061</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 29,000	\$ -	\$ -	\$ 29,000
Depreciable Assets:				
Water & Sewer Systems and Improvements	2,919,279	-	-	2,919,279
Building	11,235	-	-	11,235
Equipment	<u>33,129</u>	<u>20,940</u>	<u>-</u>	<u>54,069</u>
Total Capital Assets Being Depreciated	2,963,643	20,940	-	2,984,583

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 5 – Capital Assets (continued)

Less Accumulated Depreciation	<u>2,132,964</u>	<u>90,212</u>	-	<u>2,223,176</u>
Total Capital Assets Being Depreciated, net	830,679	(90,212)	-	761,407
 Total Business-Type Activities Capital Assets, net	 <u>\$ 859,679</u>	 <u>\$ (69,272)</u>	 <u>\$ -</u>	 <u>\$ 790,407</u>

Depreciation expense of \$32,286 was charged to the general government functions and \$90,212 was charged to the water and sewer business-type activities function for the year ended December 31, 2020.

Note 6 – Interfund Receivables/Payables

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as “due from/to other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Note 7 – Interfund Receivables, Payables, and Transfers

At December 31, 2020 the General Fund owed \$255 to the Water and Sewer Fund for expenditures paid for by the Water and Sewer Fund on behalf of the General Fund and not reimbursed by year end.

Note 8 – Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended December 31, 2020:

	Revenue Bonds
	<u>Payable</u>
Balance December 31, 2019	\$ 113,959
Additions	-
Reductions	<u>(18,901)</u>
Balance December 31, 2020	\$ 95,058

Interest expense of \$7,562 was charged to the water and sewer business-type activities function for the year ended December 31, 2020.

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, 2020:

	Revenue Bonds
	<u>Payable</u>
Current	\$ 14,513
Long-Term	<u>80,545</u>
Total	\$ 95,058

Revenue bonds payable in the amount of \$95,058 have maturities from 2020 until 2027 and 6.0% to 6.125% interest rates.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 8 – Long-Term Obligations (continued)

The individual bonds are as follows:

	\$237,000 Bonds	\$13,000 Bonds
Original Issue Date	4/5/1988	4/5/1988
Interest Rate	6.00%	6.125%
Final Payment Due	4/5/2029	4/5/2029
Interest to Maturity	\$ 20,944	\$ 50
Principal Outstanding	\$ 91,217	\$ 3,841

	Water Revenue	Water Revenue
Funding Source		

The loans are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments
2021	\$ 14,513	\$ 5,233
2022	11,331	4,524
2023	12,029	3,826
2024	12,772	3,084
2025	13,559	2,296
2026-2027	30,854	2,031
Total	<u>\$ 95,058</u>	<u>\$ 20,994</u>

Note 9 – Bond Covenant Requirements

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the 1988 Water Revenue Bonds discussed in Note 8 above, require the Village to establish the following reserve accounts:

- A. A “Sinking Fund”. The Village must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
- B. A “Reserve Fund”. The Village must transfer into this fund, each month, an amount equal to 5% of the amount to be paid into the Sinking Fund each month until \$16,738 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which sufficient funds are not available in the Sinking Fund.

VILLAGE OF EPPS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 9 – Bond Covenant Requirements (continued)

C. A “Contingency Fund”. The Village must transfer \$66 into this fund each month. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay 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 1988 Water Revenue Bonds discussed in Note 8 above, require the Village to establish the following reserve accounts:

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

Note 10 – Retirement System

Due to the financial condition of the Village, and due to high employee turnover, no employees are currently participating in any retirement system.

Note 11 – Risk Management and Contingent Liabilities

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

Note 12 – Subsequent Events

In preparing these financial statements, the Village has evaluated events and transactions for potential recognition or disclosure through September 24, 2021, the date the financial statements were available to be issued.

On March 13, 2020, the President of the United States declared the COVID-19 outbreak to be a national emergency. The Village evaluated the effects of the outbreak and ensuing economic repercussions. As of the report date, the Village has not identified any material effects to the financial statements but was unable to determine what, if any, effects there will be on future operations.

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

VILLAGE OF EPPS, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Franchise Tax	\$ 7,300	\$ 7,300	\$ 7,306	\$ 6
Ad Valorem Tax	16,600	16,600	17,027	427
Sales Tax	20,000	20,000	21,913	1,913
Licenses and Permits	11,700	11,700	28,354	16,654
Intergovernmental Revenues:				
State Funds:				
Grant	37,130	37,130	19,797	(17,333)
Fines and Tickets	15,000	15,000	12,447	(2,553)
Rent	5,000	5,000	7,664	2,664
Other Revenues	1,000	1,000	1,510	510
Total Revenues	<u>113,730</u>	<u>113,730</u>	<u>116,018</u>	<u>2,288</u>
<u>Expenditures</u>				
General Government	28,179	28,179	35,708	(7,529)
Public Safety and Protection	67,100	67,100	54,367	12,733
Operating Services	6,000	6,000	5,451	549
Materials and Supplies	-	-	-	-
Capital Outlay	32,373	32,373	32,737	(364)
Total Expenditures	<u>133,652</u>	<u>133,652</u>	<u>128,263</u>	<u>5,389</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>(19,922)</u>	<u>(19,922)</u>	<u>(12,245)</u>	<u>7,677</u>
<u>Other Financing Sources and (Uses)</u>				
Transfers In	20,000	20,000	-	(20,000)
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
<u>Net Change in Fund Balance</u>	<u>78</u>	<u>78</u>	<u>(12,245)</u>	<u>(12,323)</u>
<u>Fund Balance (Deficit) at Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>26,957</u>	<u>26,957</u>
<u>Fund Balance (Deficit) at End of Year</u>	<u>\$ 78</u>	<u>\$ 78</u>	<u>\$ 14,712</u>	<u>\$ 14,634</u>

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

VILLAGE OF EPPS, LOUISIANA
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

Budget Information. The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in December each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The budget was not amended during the year ended December 31, 2020.

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

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDING DECEMBER 31, 2020

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

VILLAGE OF EPPS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR SESSION
CASH BASIS PRESENTATION
FOR THE YEAR ENDED DECEMBER 31, 2020

	First Six Month Period Ended June 30, 2020	Second Six Month Period Ended 12/31/20
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ 6,278
Add: Collections		
Criminal Court Costs/Fees	1,195	865
Criminal Fines - Contempt	945	270
Criminal Fines - Other	4,684	4,488
Restitution	-	-
Subtotal Collections	6,824	5,623
Less: Disbursements To Governments & Nonprofits:		
<i>La. Commission on Law Enforcement Court Cost Fees</i>	295	209
<i>CMIS Trial Court Case Management Info System Court Cost Fees</i>	31	22
<i>Louisiana Traumatic Head and Spinal Cord Injury Trust Act 654</i>	135	105
<i>North La. Crime Lab Court Cost Fees</i>	70	120
<i>La. Judicial College Court Cost Fees</i>	16	11
Subtotal Disbursements/Retainage	546	467
Total Amount to Village General Fund	\$ 6,278	\$ 11,434

VILLAGE OF EPPS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

2020-01 Inadequate Segregation of Accounting Duties

Criteria

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

Condition

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

Cause

The small size and limited revenues of the Village.

Effect

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

Recommendation

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

Response

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

2020-02 Timekeeping Procedures

Criteria

The Village should have some form of documentation and adequate supervision of time worked to ensure that employees are working the scheduled hours upon which their pay is based.

Condition

The Village does not require timesheets on all employees.

Cause

The Board of Alderman approved the pay of certain employees and did not require subsequent supporting documentation. They assumed a salaried employee did not need to have timesheets or another form of supporting documentation to support the pay since it was approved by the Board.

Effect

The Village could be in violation of state law.

Recommendation

The Village should require that all employees fill out a timesheet and get it approved by the Mayor before paychecks are issued.

Response

The Village will immediately start requiring timesheets and make sure they get the proper approvals before payroll is submitted.

VILLAGE OF EPPS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-01 Inadequate Segregation of Accounting Duties

Condition Found

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

Effect

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

Recommendation to Prevent Future Occurrences

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

Current Status

The finding was repeated as finding 2020-01.

2019-02 Compliance with Local Government Budget Act

Condition Found

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

Effect

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

Recommendation to Prevent Future Occurrences

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

Current Status

The finding has been cleared.

2019-03 Customer Deposit Listing

Condition Found

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

Effect

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

Recommendation to Prevent Future Occurrences

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

Current Status

The finding has been cleared.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Epps (the Village) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2020, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S.38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

The Village purchased a police car through state contract but had no other expenditures for materials and supplies exceeding \$30,000 and no expenditures exceeding \$157,700 for public works.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the ethics law).

Management provided me with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

Management provided me with the requested information.



4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

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

5. Obtain a list of all disbursements made during the year, and a list of outside business interest of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

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

Budgeting

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

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

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

The budget was adopted by Ordinance 207 on December 30, 2019, in compliance with the Local Government Budget Act (R.S. 39:1305. D).

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Revenues did not fail to meet budgeted revenues by 5% or more and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

9. Obtain the list of all disbursements made during the year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

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

- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

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

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

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

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of Town Hall. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I scanned copies of all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

I scanned payroll disbursements and read the council meeting minutes of the Village for the year. I found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Village's report was submitted by the due date.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

N/A

Village of Epps, Louisiana
September 24, 2021

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

My prior year report, dated September 25, 2020, included an exception for not adopting the budget by ordinance. The exception noted in that report has been resolved.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Maxwell CPA, LLC

Monroe, Louisiana
September 24, 2021

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

8-13-21 (Date Transmitted)

Maxwell CPA, LLC

8649 Hwy 165 N, Ste 2

Monroe, LA 71203

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2020 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.

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 [] 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 that 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 that 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 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 []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

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 [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

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

Yes No [] N/A []

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 [] N/A []

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 [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

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.

Yes No [] N/A []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No [] N/A []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants 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 your report.

Yes No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No [] N/A []

The previous responses have been made to the best of our belief and knowledge.

<u>Burton W Clark</u>	Mayor	<u>8-13-2021</u>	Date
<u>Theresa Lopez</u>	Clerk	<u>8-12-2021</u>	Date
<u>Wicki Dreny</u>	Alderman	<u>8-12-2021</u>	Date