

**VILLAGE OF EPPS, LOUISIANA**

*Financial Statements  
For the Year Ended December 31, 2018*



**VILLAGE OF EPPS, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

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**VILLAGE OF EPPS, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

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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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

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

### **Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in 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 4 through 9 and page 31, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. I have not audited such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

### **Other Information**

The accompanying schedule of compensation, reimbursements, benefits, and other payments to agency head and schedule of aldermen's compensation on Page 34 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.

*Maxwell CPA, LLC*

Monroe, Louisiana  
November 7, 2019

**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, 2018**

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, 2018. 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 \$1,515,078 (net position). Of this amount, \$7,870 (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 increased by \$38,298.
- As of the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$694,093 a decrease of \$23,901 in comparison with the prior year. Of this total amount, \$1,367 is available for spending at the government's discretion (unrestricted net position).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

## **Village of Epps, Louisiana**

### **Management Discussion and Analysis (continued)**

#### **FUND FINANCIAL STATEMENTS**

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

#### **GOVERNMENTAL FUNDS**

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

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

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

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

#### **PROPRIETARY FUNDS**

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

#### **NOTES TO FINANCIAL STATEMENTS**

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

#### **OTHER INFORMATION**

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

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Epps, assets exceeded liabilities by \$1,515,708, at the close of the most recent fiscal year.

## Village of Epps, Louisiana

### Management Discussion and Analysis (continued)

By far the largest amount of the Village of Epps' net assets (\$1,498,885) 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>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Current & other assets	\$ 11,648	\$ 3,230	\$ 35,311	\$ 50,756	\$ 46,959	\$ 53,986
Capital assets	<u>692,726</u>	<u>729,233</u>	<u>948,907</u>	<u>892,277</u>	<u>1,641,633</u>	<u>1,621,510</u>
Total assets	<u>\$ 704,374</u>	<u>\$ 732,463</u>	<u>\$ 984,218</u>	<u>\$ 943,033</u>	<u>\$ 1,688,592</u>	<u>\$ 1,675,496</u>
Current & other liabilities	\$ 10,281	\$ 14,469	\$ 20,485	\$ 14,119	\$ 30,766	\$ 28,588
Long-Term liabilities	<u>-</u>	<u>-</u>	<u>142,748</u>	<u>170,128</u>	<u>142,748</u>	<u>170,128</u>
Total liabilities	\$ 10,281	\$ 14,469	\$ 163,233	\$ 184,247	\$ 173,514	\$ 198,716
Net Position:						
Invested in Capital Assets						
net of related debt	\$ 692,726	\$ 729,233	\$ 806,159	\$ 722,149	\$ 1,498,885	\$ 1,451,382
Restricted	-	-	8,323	-	8,323	-
Unrestricted	<u>1,367</u>	<u>(11,239)</u>	<u>6,503</u>	<u>36,637</u>	<u>7,870</u>	<u>25,398</u>
Total net position	<u>\$ 694,093</u>	<u>\$ 717,994</u>	<u>\$ 820,985</u>	<u>\$ 758,786</u>	<u>\$ 1,515,078</u>	<u>\$ 1,476,780</u>

The balance of \$1,367 in unrestricted net position in the governmental activities represents the accumulated results of all past year's operations. Net position decreased by \$23,901 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 \$23,901. Key elements of the changes in net position are as follows:

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

	Governmental Activities		Business-Type Activities		Totals	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 68,910	\$ 47,129	\$ 151,101	\$ 167,005	\$ 220,011	\$ 214,134
Capital Grants and Contributions	2,130	22,340	143,934	-	146,064	22,340
<b>General Revenues</b>						
Property Taxes	16,603	22,881	-	-	16,603	22,881
Franchise Taxes	8,511	7,469	-	-	8,511	7,469
Sales Taxes	18,009	20,273	-	-	18,009	20,273
Rent	6,115	2,709	-	-	6,115	2,709
Other General Revenues	10,112	2,485	16	-	10,128	2,485
<b>Total Revenues</b>	<b>130,390</b>	<b>125,286</b>	<b>295,051</b>	<b>167,005</b>	<b>425,441</b>	<b>292,291</b>
<b>Expenses</b>						
General Government	90,939	84,476	-	-	90,939	84,476
Public Works	-	-	212,829	216,157	212,829	216,157
Public Safety & Protection	62,047	42,378	-	-	62,047	42,378
Operating Services	17,485	20,647	-	-	17,485	20,647
Materials and Supplies	3,843	3,307	-	-	3,843	3,307
Capital Outlay	-	-	-	-	-	-
<b>Total Expenses</b>	<b>174,314</b>	<b>150,808</b>	<b>212,829</b>	<b>216,157</b>	<b>387,143</b>	<b>366,965</b>
<b>Increase (Decrease) in Net Position</b>						
Before Transfers	(43,924)	(25,522)	82,222	(49,152)	38,298	(74,674)
Transfers	20,023	3,437	(20,023)	(3,437)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>\$ (23,901)</b>	<b>\$ (22,085)</b>	<b>\$ 62,199</b>	<b>\$ (52,589)</b>	<b>\$ 38,298</b>	<b>\$ (74,674)</b>

Expenses are classified by functions/programs. General government account for approximately \$112,000 while public safety, public works, and sanitation accounts for approximately \$62,000 for the fiscal year 2018. The related program revenues for the fiscal year 2018 directly related to these expenses totaled \$71,000 which resulted in net program expenses of \$103,000. 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 \$43,000 of general fund revenue.
- Fines and tickets are the second largest revenue source to the Village, generating approximately \$36,000 of general fund revenue.

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

**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the Village of Epps’ net position by approximately \$62,000. This increase was primarily attributable to grant funds received to make improvements to the sewer system.

**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 \$1,367 an increase of \$12,606 in comparison with the prior year. All of this total amount \$1,367 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 \$14,431 compared to budgeted revenues. Actual expenditures were less than budgeted by \$10,402 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, 2018, amounts to \$1,641,633 (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>12/31/2018</u>	<u>12/31/2017</u>
Land	\$ 158,000	\$ 158,000
Buildings and Improvements	461,998	461,998
Vehicles and Equipment	258,741	273,241
Infrastructure	473,960	473,960
Water and Sewer System	2,919,279	2,749,033
Total	4,271,978	4,116,232
Less Accumulated Depreciation	(2,630,345)	(2,521,034)
Total Capital Assets	\$ 1,641,633	\$ 1,595,198

**Village of Epps Outstanding Debt**

Revenue Bonds	\$ 142,748	\$ 170,128
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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 2018 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, 2018**

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ -	\$ 13,408	\$ 13,408
Receivables, net of allowance	11,648	13,580	25,228
Restricted Cash	-	8,323	8,323
Capital Assets (net)	692,726	948,907	1,641,633
<b><u>TOTAL ASSETS</u></b>	<b>\$ 704,374</b>	<b>\$ 984,218</b>	<b>\$ 1,688,592</b>
<b><u>LIABILITIES</u></b>			
Cash Overdraft	\$ 1,290	\$ -	\$ 1,290
Accounts, Salaries, and Other Payables	8,991	9,746	18,737
Customer Deposits	-	10,214	10,214
Accrued Interest Payable	-	525	525
Bonds Payable, current portion	-	28,477	28,477
Total Current Liabilities	10,281	48,962	59,243
Bonds Payable, long-term portion	-	114,271	114,271
<b><u>TOTAL LIABILITIES</u></b>	<b>10,281</b>	<b>163,233</b>	<b>173,514</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	692,726	806,159	1,498,885
Restricted for			
Debt Service	-	8,323	8,323
Unrestricted (deficit)	1,367	6,503	7,870
<b><u>TOTAL NET POSITION</u></b>	<b>\$ 694,093</b>	<b>\$ 820,985</b>	<b>\$ 1,515,078</b>

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

**VILLAGE OF EPPS, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	
<b><u>General Government:</u></b>					
Total Government Activities	\$ 174,314	\$ 68,910	\$ -	\$ 2,130	\$ (103,274)
<b><u>Business-Type Activities:</u></b>					
Water and Sewer	212,829	151,101	-	143,934	82,206
<b><u>Total Primary Government</u></b>	<b>\$ 387,143</b>	<b>\$ 220,011</b>	<b>\$ -</b>	<b>\$ 146,064</b>	<b>\$ (21,068)</b>

**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 (restated)**

**Net Position - Ending**

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

Governmental Activities	Business-Type Activities	Total
\$ (103,274)	\$ -	\$ (103,274)
-	82,206	82,206
(103,274)	82,206	(21,068)
16,603	-	16,603
8,511	-	8,511
18,009	-	18,009
-	16	16
16,227	-	16,227
20,023	(20,023)	-
79,373	(20,007)	59,366
(23,901)	62,199	38,298
717,994	758,786	1,476,780
<u>\$ 694,093</u>	<u>\$ 820,985</u>	<u>\$ 1,515,078</u>

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

**FUND FINANCIAL STATEMENTS**

**VILLAGE OF EPPS, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

	<u>General Fund</u>	<u>LCDBG Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Receivables			
Ad Valorem Taxes - Net	4,830	-	4,830
Sales Taxes	1,361	-	1,361
Other	5,457	-	5,457
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 11,648</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,648</u></b>
<b><u>LIABILITIES</u></b>			
Cash Overdraft	\$ 1,290	\$ -	\$ 1,290
Accounts Payable	8,991	-	8,991
<b>Total Liabilities</b>	<b>10,281</b>	<b>-</b>	<b>10,281</b>
<b><u>FUND BALANCES</u></b>			
Unassigned	1,367	-	1,367
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 11,648</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,648</u></b>

**VILLAGE OF EPPS, LOUISIANA**  
**RECONCILIATION OF GOVERNMENTAL**  
**FUND BALANCES TO STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

Total Governmental Fund Balances	\$ 1,367
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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>692,726</u>
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Net Position of Governmental Activities

<u><u>\$ 694,093</u></u>
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The accompanying notes are an integral part of this financial statement.

**VILLAGE OF EPPS, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u> <u>Fund</u>	<u>LCDBG</u> <u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>Revenues</u></b>			
Taxes:			
Franchise Tax	\$ 8,511	\$ -	\$ 8,511
Ad Valorem Tax	16,603	-	16,603
Sales Tax	18,009	-	18,009
Licenses and Permits	26,894	-	26,894
Intergovernmental Revenues:			
State Funds:			
Grant	2,130	-	2,130
Rent	6,115	-	6,115
Fines and Tickets	35,901	-	35,901
Other Revenues	2,992	-	2,992
<b>Total Revenues</b>	<u>117,155</u>	<u>-</u>	<u>117,155</u>
<b><u>Expenditures</u></b>			
General Government	57,973	-	57,973
Public Safety and Protection	62,047	-	62,047
Operating Services	17,485	-	17,485
Materials and Supplies	3,843	-	3,843
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>141,348</u>	<u>-</u>	<u>141,348</u>
<b><u>Excess (Deficiency) of Revenues</u></b>			
<b><u>Over Expenditures</u></b>	(24,193)	-	(24,193)
<b><u>Other Financing Sources and (Uses)</u></b>			
Transfers In (Out)	20,023	-	20,023
Sale of Assets	16,776	-	16,776
<b>Total Other Financing Sources and Uses</b>	<u>36,799</u>	<u>-</u>	<u>36,799</u>
<b><u>Net Change in Fund Balance</u></b>	12,606	-	12,606
<b><u>Fund Balances - Beginning</u></b>	<u>(11,239)</u>	<u>-</u>	<u>(11,239)</u>
<b><u>FUND BALANCES - ENDING</u></b>	<u>\$ 1,367</u>	<u>\$ -</u>	<u>\$ 1,367</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, 2018**

Net Change in Fund Balances - Total		
Governmental Funds	\$	12,606

*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:

Depreciation expense		(32,966)
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The net effect of various miscellaneous transactions involving capital assets, such as sales and trade-ins:

Basis of capital assets sold		(3,541)
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Change in Net Position of Governmental Activities	\$	(23,901)
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The accompanying notes are an integral part of this financial statement.

**VILLAGE OF EPPS, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2018**

Water and  
Sewer Fund

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 13,408
Receivables, net of allowance	13,580
<b>Total Current Assets</b>	<b>26,988</b>

**Restricted Assets**

Cash and Cash Equivalents	8,323
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**Non-Current Assets**

Capital Assets (net of accumulated depreciation)	948,907
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**TOTAL ASSETS**

**\$ 984,218**

**LIABILITIES**

**Current Liabilities**

Accounts, Salaries, and Other Payables	\$ 9,746
Customer Deposits Refundable	10,214
Accrued Interest Payable	525
Current Portion of Notes Payable - USDA	28,477
<b>Total Current Liabilities</b>	<b>48,962</b>

**Long Term Liabilities**

Notes Payable - USDA	114,271
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**TOTAL LIABILITIES**

163,233

**NET POSITION**

Net Investment in Capital Assets	806,159
Restricted	
Debt Service	4,203
Depreciation and Contingency	4,120
Unrestricted (Deficit)	6,503

**TOTAL NET POSITION**

**\$ 820,985**

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

**VILLAGE OF EPPS, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Water and Sewer Enterprise Fund</u>
<b><u>Operating Revenues</u></b>	
Charges for Services:	
Water and Sewer	\$ 151,101
<b><u>Operating Expenses</u></b>	
Operations	97,176
Maintenance and Repairs	19,493
Depreciation	87,304
<b>Total Operating Expenses</b>	<u>203,973</u>
<b><u>Operating Income (Loss)</u></b>	(52,872)
<b><u>Nonoperating Income (Expense)</u></b>	
Intergovernmental grants	143,934
Interest Income	16
Interest Expense	(8,856)
<b>Total Nonoperating Income (Expense)</b>	<u>135,094</u>
<b><u>Income (Loss) Before Contributions and Transfers</u></b>	82,222
<b><u>Capital Contributions and Transfers</u></b>	
Transfers In	-
Transfers Out	(20,023)
<b>Total Capital Contributions and Transfers</b>	<u>(20,023)</u>
<b><u>Change in Net Position</u></b>	62,199
<b><u>Net Position - Beginning (Restated)</u></b>	<u>758,786</u>
<b><u>NET POSITION - ENDING</u></b>	<u><u>\$ 820,985</u></u>

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

**VILLAGE OF EPPS, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Water and Sewer Enterprise Fund</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from Customers and Users	\$ 148,728
Payments to Suppliers	(89,531)
Payments to Employees for Services and Benefits	(23,751)
<b>Net Cash Provided by Operating Activities</b>	<b>35,446</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers Out	(20,023)
Increase in Customer Deposits	3,041
Decrease in Due From Other Funds	7,911
<b>Net Cash Flows from Noncapital Financing Activities</b>	<b>(9,071)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital Grants	143,934
Acquisition of Capital Assets	(143,934)
Principal Paid on Debt	(27,380)
Interest Paid on Debt	(8,918)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>(36,298)</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest Received	16
<b><u>Net Decrease in Cash and Cash Equivalents</u></b>	<b>(9,907)</b>
<b><u>Cash and Cash Equivalents, Beginning of the Year</u></b>	<b>31,638</b>
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	<b>\$ 21,731</b>
<b><u>Shown on the Accompanying Statement of Net Position as:</u></b>	
Cash	\$ 13,408
Restricted Assets - Cash	8,323
<b>Total Cash</b>	<b>\$ 21,731</b>
<b><u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u></b>	
Operating Loss	\$ (52,872)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	87,304
Increase in Accounts Receivable	(2,373)
Increase in Accounts Payable	3,387
Total Adjustments	88,318
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 35,446</b>

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

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 Components 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, 2018.

**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, 2018**

**Note 1 – Summary of Significant Accounting Policies** (continued)

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

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

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

The Village reports the following major governmental funds:

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

The Village reports the following major proprietary fund:

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

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

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

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

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

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

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

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

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

**C. Deposits and Investments**

The Village's cash and cash equivalents are considered to be cash on hand and demand deposits. State law allows the Village to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Village uses the allowance method for uncollectible water fees and writes off accounts when it deems them to be totally uncollectible.

**E. Capital Assets**

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

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

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**E. Capital Assets (continued)**

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

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

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

**F. Compensated Absences**

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

**G. Long-Term Obligations**

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

**H. Deferred Inflows of Resources**

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

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**I. Net Position/Fund Balance**

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

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

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

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

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

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

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

**J. Estimates**

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

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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, 2018.

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, 2018, the Village has cash and cash equivalents (book balances) totaling \$20,441 as follows:

	General Fund	Water and Sewer Fund	Totals
Demand Deposits	\$ (1,432)	\$ 21,731	\$ 20,299
Cash on Hand	142	-	142
	\$ (1,290)	\$ 21,730	\$ 20,441

**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, 2018.

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

At December 31, 2018, the Village has \$29,401 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 4 – Receivables**

The receivables of \$22,348 at December 31, 2018 are as follows:

Class of Receivable	General Fund	Water and Sewer Fund	Totals
Property Taxes	\$ 4,830	\$ -	\$ 4,830
Sales Taxes	1,361	-	1,361
Other	5,457	-	5,457
Charges for Services	-	13,580	13,580
	<u>\$ 11,648</u>	<u>\$ 13,580</u>	<u>\$ 25,228</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, 2018 for the primary government is as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 129,000	\$ -	\$ -	\$ 129,000
Depreciable Assets:				
Buildings & Improvements	450,763	-	-	450,763
Vehicles & Equipment	240,111	-	14,500	225,611
Street Improvements	473,961	-	-	473,961
Total Capital Assets Being Depreciated	1,164,835	-	14,500	1,150,335
Less Accumulated Depreciation	564,602	32,966	10,959	586,609
Total Capital Assets Being Depreciated, net	600,233	(32,966)	(3,541)	563,726
Total Governmental Activities Capital Assets, net	<u>\$ 729,233</u>	<u>\$ (32,966)</u>	<u>\$ (3,541)</u>	<u>\$ 692,726</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 29,000	\$ -	\$ -	\$ 29,000
Depreciable Assets:				
Water & Sewer Systems and Improvements	2,749,033	170,246	-	2,919,279
Building	11,235	-	-	11,235
Equipment	33,129	-	-	33,129
Total Capital Assets Being Depreciated	2,793,397	-	-	2,963,643
Less Accumulated Depreciation	1,956,432	87,304	-	2,043,736
Total Capital Assets Being Depreciated, net	836,965	(87,304)	-	919,907
Total Business-Type Activities Capital Assets, net	<u>\$ 865,965</u>	<u>\$ 82,942</u>	<u>\$ -</u>	<u>\$ 948,907</u>

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 5 – Capital Assets (continued)**

Depreciation expense of \$32,966 was charged to the general government function and \$87,304 was charged to the water and sewer business-type activities function for the year ended December 31, 2018.

**Note 6 – Interfund Receivables/Payables**

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

**Note 7 – Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2018 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 20,023	\$ -
Water and Sewer Enterprise Fund	\$ -	\$ 20,023

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

**Note 8 – Long-Term Obligations**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2018:

	<u>Revenue Bonds</u> <u>Payable</u>
Balance December 31, 2017	\$ 170,128
Additions	-
Reductions	<u>(27,380)</u>
Balance December 31, 2018	\$ 142,748

Interest expense of \$8,856 was charged to the water and sewer business-type activities function for the year ended December 31, 2018.

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, 2018:

	<u>Revenue Bonds</u> <u>Payable</u>
Current	\$ 28,477
Long-Term	<u>114,271</u>
Total	\$ 142,748

Revenue bonds payable in the amount of \$142,748 have maturities from 2020 until 2027 and 4.5% to 6.125% interest rates.

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 8 – Long-Term Obligations** (continued)

The individual bonds are as follows:

	\$237,000 Bonds	\$13,000 Bonds	\$359,000 Bonds
Original Issue Date	4/5/1988	4/5/1988	5/22/1996
Interest Rate	6.00%	6.125%	4.50%
Final Payment Due	4/5/2029	4/5/2029	5/20/2020
Interest to Maturity	\$ 33,134	\$ 1,186	\$ 1,276
Principal Outstanding	\$ 110,740	\$ 5,058	\$ 26,950
Funding Source	Water Revenue	Water Revenue	Sewer Revenue

The loans are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2019	\$ 28,477	\$ 7,820	\$ 36,297
2020	19,211	7,335	26,546
2021	11,339	5,400	16,739
2022	12,039	4,700	16,739
2023	12,739	4,000	16,739
2024-2027	58,943	6,341	65,284
Total	\$ 142,748	\$ 35,596	\$ 178,344

**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, 2018**

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

**Note 11 – Prior Period Adjustment**

A prior period adjustment was made to recognize grant revenue received in 2017 for the sewer system improvements that began in 2017 but was not recorded during that period. The effect is to increase capital assets and net assets by \$26,312.

**Note 12 – Grants**

The Village received a Louisiana Community Development Block Grant in 2017 to make improvements to the sewer system. The amount received in 2018 and 2017 was \$143,934 and \$26,312, respectively. The total amount of the grant was \$170,246 and the project was completed during 2018.

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

**Note 13 – Going Concern**

The Village’s General Fund had an unassigned fund balance of \$1,367 and a cash overdraft of \$1,290 at December 31, 2018. The Village is working to improve its net position by decreasing expenditures and improving collections of water and sewer fees. Also, the Village increased water rates to consumers and businesses in 2019.

**VILLAGE OF EPPS, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 14 – 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 15 – Subsequent Events**

The Village has evaluated subsequent events through November 7, 2019, which is the date the financial statements were available to be issued. During 2019 the Village entered into a contract with a water and sewer operator that has a monthly base cost of \$4,800. At the date of this report the Village owed the operator approximately \$20,000. In June 2019, the Village increased water rates to help offset some of these extra costs.

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Franchise Tax	\$ 15,000	\$ 15,000	\$ 8,511	\$ (6,489)
Ad Valorem Tax	21,400	21,400	16,603	(4,797)
Sales Tax	22,000	22,000	18,009	(3,991)
Licenses and Permits	4,200	4,200	26,894	22,694
Intergovernmental Revenues:				
State Funds:				
Grant	22,600	22,600	2,130	(20,470)
Fines and Tickets	25,000	25,000	35,901	10,901
Rent	6,000	6,000	6,115	115
Other Revenues	3,300	3,300	19,768	16,468
<b>Total Revenues</b>	<u>119,500</u>	<u>119,500</u>	<u>133,931</u>	<u>14,431</u>
<b><u>Expenditures</u></b>				
General Government	67,250	67,250	57,973	9,277
Public Safety and Protection	70,000	70,000	62,047	7,953
Operating Services	12,000	12,000	17,485	(5,485)
Materials and Supplies	2,500	2,500	3,843	(1,343)
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>151,750</u>	<u>151,750</u>	<u>141,348</u>	<u>10,402</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<u>(32,250)</u>	<u>(32,250)</u>	<u>(7,417)</u>	<u>24,833</u>
<b><u>Other Financing Sources and (Uses)</u></b>				
Transfers In	5,000	5,000	20,023	15,023
Transfers Out	-	-	-	-
<b>Total Other Financing Sources     and Uses</b>	<u>5,000</u>	<u>5,000</u>	<u>20,023</u>	<u>15,023</u>
<b><u>Net Change in Fund Balance</u></b>	<u>(27,250)</u>	<u>(27,250)</u>	<u>12,606</u>	<u>39,856</u>
<b><u>Fund Balance (Deficit) at Beginning of Year (Restated)</u></b>	<u>(11,239)</u>	<u>(11,239)</u>	<u>(11,239)</u>	<u>-</u>
<b><u>Fund Balance (Deficit) at End of Year</u></b>	<u>\$ (38,489)</u>	<u>\$ (38,489)</u>	<u>\$ 1,367</u>	<u>\$ 39,856</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, 2018**

**Budget Information.** The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in December each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There was one budget amendment during the year ended December 31, 2018.

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

## **OTHER INFORMATION**

**VILLAGE OF EPPS, LOUISIANA**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDING DECEMBER 31, 2018**

**Agency Head**

Shirley Gibson, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 800

**SCHEDULE OF ALDERMEN'S COMPENSATION**  
**FOR THE YEAR ENDING DECEMBER 31, 2018**

<u>Aldermen</u>	<u>Amount</u>
Charlie Grimble	\$ 1,313
Tina McCandlish	938
Diane Fabela	1,313
<b>TOTAL</b>	<b>\$ 3,564</b>

**VILLAGE OF EPPS, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**2018-01     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.

**2018-02     Inadequate Controls over Preparation of Financial Statements**

**Criteria**

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

**Condition**

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

**Cause**

The small size and staff of the Village.

**Effect**

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

**Recommendation**

None

**Response**

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

**VILLAGE OF EPPS, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)**

**2018-03      General ledger is not reconciled to subsidiary records**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

The Village has hired an outside accounting firm to assist with all accounting functions including reconciling accounts receivable to the general ledger. In 2019 the Village starting reconciling the accounts receivable general ledger with the billing software each month.

**2018-04      Compliance with Local Government Budget Act**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

The Village will adopt the next budget by ordinance.

**VILLAGE OF EPPS, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)**

**2018-05      Sales Tax Filings**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

The Village was not in compliance with state law.

**Recommendation**

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

**Response**

The Village is working with the accounting firm to catch up all sales tax payments and filings. In January 2019 all sales tax returns were filed and paid.

**2018-06      Customer Deposit Listing**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

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

**VILLAGE OF EPPS, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)**

**2018-07      Compliance with Annual Filing Deadline**

**Criteria**

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

**Condition**

The Village did not timely file its annual reports for the year ending December 31, 2018.

**Cause**

The Village did not file its report for December 31, 2018 within six months of the end of its fiscal year.

**Effect**

The Village was not in compliance with state statute.

**Recommendation**

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

**Response**

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

**VILLAGE OF EPPS, LOUISIANA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**2017-01     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 2018-01.

**2017-02     Inadequate Controls over Preparation of Financial Statements**

**Condition Found**

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

**Effect**

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

**Recommendation to Prevent Future Occurrences**

None

**Current Status**

The finding was repeated as finding 2018-02.

**2017-03     General ledger is not reconciled to subsidiary records**

**Condition Found**

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

**Effect**

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

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding was repeated as finding 2018-03.

**VILLAGE OF EPPS, LOUISIANA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)**

**2017-04      Compliance with Local Government Budget Act**

**Condition Found**

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

**Effect**

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

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding was repeated as finding 2018-04.

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

**Condition Found**

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

**Effect**

Penalties and interest will accrue on the outstanding balance.

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding has been cleared.

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

**Condition Found**

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

**Effect**

Penalties and interest will accrue on the outstanding balance.

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding has been cleared.

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

**Condition Found**

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

**VILLAGE OF EPPS, LOUISIANA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)**

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

**Effect**

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

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding has been cleared.

**2017-08**      **Sales Tax Filings**

**Condition Found**

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

**Effect**

The Village was not in compliance with state law.

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding was repeated as finding 2018-05.

**2017-09**      **Bank Account Reconciliations**

**Condition Found**

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

**Effect**

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

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding has been cleared.

**2017-10**      **Customer Deposit Listing**

**Condition Found**

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

**VILLAGE OF EPPS, LOUISIANA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (continued)**

**2017-10**      **Customer Deposit Listing** (continued)

**Effect**

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

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding was repeated as finding 2018-06.

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

**Condition Found**

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

**Effect**

The Village was not in compliance with state statute.

**Recommendation to Prevent Future Occurrences**

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

**Current Status**

The finding was repeated as finding 2018-07.



**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, 2018, 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 had no 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 period under examination.

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. 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's book, and report whether there are any exceptions.

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

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year exceeded budgeted revenues and actual expenditures for the year were less than budgeted amounts.

### 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 was 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. The Village complied with this requirement.

### 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 not submitted by the due date of June 30, 2019.

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).

Management represented that the Village did not enter into any contracts that utilized state funds or that were subject to the public bid law, while not in compliance with R.S. 24:513 (the audit law).

Prior-Year Comments

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

My prior year report, dated December 3, 2018, included exceptions for not adopting the budget by ordinance and a greater than 5% variance in actual expenditures over budgeted expenditures. The exception for not adopting the budget by ordinance was repeated in this agreed-upon procedures report.

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.

Maple CPA, LLC

Monroe, Louisiana  
November 7, 2019

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

November 7, 2019

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, 2018 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

**Code of Ethics for Public Officials and Public Employees**

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

Yes  No

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

Yes  No

**Budgeting**

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

Yes  No

**Accounting and Reporting**

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

Yes  No

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

Yes  No

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

Yes  No

We 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

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

Yes  No

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.  
Yes  No

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.  
Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.  
Yes  No

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.  
Yes  No

**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

We have evaluated our compliance with these laws and regulations prior to making these representations.  
Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.  
Yes  No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.  
Yes  No

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

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

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

<u>Bruce W. Clark</u>	Mayor	<u>11-7-19</u>	Date
<u>Thelma C. Cade</u>	Clerk	<u>11-7-19</u>	Date
<u>Vicki Druenz</u>	Alderman	<u>11-7-19</u>	Date