

VILLAGE OF EPPS, LOUISIANA

*Financial Statements
For the Year Ended December 31, 2015*

VILLAGE OF EPPS, LOUISIANA

Annual Financial Statements As of and for the Year Ended December 31, 2015 With Supplemental Information Schedules

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VILLAGE OF EPPS, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended December 31, 2015
With Supplemental Information Schedules**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of The Village of Epps (the Village) as of December 31, 2015, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management'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 and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountant's Responsibility

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

Accountant's Conclusion

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

Other Matters

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 27, 2016, on the results of the agreed-upon procedures.

My review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis on pages 5-10 and the budgetary comparison information on page 31 are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Information

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

David M. Had, CPA (APAC)

West Monroe, Louisiana
June 27, 2016

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

VILLAGE OF EPPS, LOUISIANA
Management Discussion and Analysis
As of and for the Year Ended December 31, 2015

Management's Discussion and Analysis is a fact-based analysis of the Village's financial activities during the fiscal year ended December 31, 2015. Its purpose is to provide an overview of activities within the Village based on currently known facts, decision, and conditions.

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

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

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the fiscal year by \$1,553,988 (net position). Of this amount, (\$6,376) (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 \$106,180
- As of the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$746,140 a decrease of \$28,740 in comparison with the prior year. Of this total amount, none is available for spending at the government's discretion (unassigned fund balance). There is a deficit of \$29,776.

Overview of the Financial Statements

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

Government Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village of 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. Over time, increases or decreases in 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

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

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

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

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

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

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

The Village of Epps maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and LDCB Grant Fund all of which are considered to be major funds.

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Epps, assets exceeded liabilities by approximately \$1,553,988, at the close of the most recent fiscal year.

By far the largest amount of the Village of Epps' net assets (\$1,560,364) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Epps uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Epps' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current & other assets	\$18,281	\$20,776	\$44,072	\$34,064	\$62,353	\$54,840
Capital assets	775,916	800,409	1,010,429	1,103,936	1,786,345	1,904,345
Total assets	<u>\$794,197</u>	<u>\$821,185</u>	<u>\$1,054,501</u>	<u>\$1,138,000</u>	<u>\$1,848,698</u>	<u>\$1,959,185</u>
Current & other liabilities	\$48,057	\$50,605	\$44,538	\$55,280	\$92,595	\$105,885
Long-term liabilities	-	-	202,115	197,432	202,115	197,432
Total liabilities	<u>\$48,057</u>	<u>\$50,605</u>	<u>\$246,653</u>	<u>\$252,712</u>	<u>\$294,710</u>	<u>\$303,317</u>
Net Position:						
Invested in Capital Assets						
net of related debt	\$775,916	\$800,409	\$784,448	\$870,207	\$1,560,364	\$1,670,616
Restricted	-	-	-	-	-	-
Unrestricted	(29,776)	(29,829)	23,400	15,081	(6,376)	(14,748)
Total net position	<u>\$746,140</u>	<u>\$770,580</u>	<u>\$807,848</u>	<u>\$885,288</u>	<u>\$1,553,988</u>	<u>\$1,655,868</u>

The balance of (\$29,776) in unrestricted net position in the governmental activities represents the accumulated results of all past year's operations. Net position decreased by \$28,740 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's net position by \$28,740. Key elements of the changes in net position are as follows:

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

VILLAGE OF EPPS CHANGES IN NET POSITION
12/31/2015 and 2014

	Governmental Activities		Business-Type Activities		Totals	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Revenues:						
Program Revenues:						
Charges for Services	10,932	20,465	\$164,261	\$132,588	\$175,193	\$153,053
Capital grants & contributions	26,719	20,000	-	-	26,719	20,000
General Revenues:						
Property taxes	14,305	8,616	-	-	14,305	8,616
Franchise taxes	17,786	20,350	-	-	17,786	20,350
Sales taxes	10,761	-	-	-	10,761	-
Rent	12,842	4,475	-	-	12,842	4,475
Other general revenues	20,589	40,626	-	-	20,589	40,626
Total revenues	<u>113,934</u>	<u>114,532</u>	<u>164,261</u>	<u>132,588</u>	<u>278,195</u>	<u>247,120</u>
Expenses:						
General Government	86,007	133,428	-	-	86,007	133,426
Public Works	0	0	230,726	147,318	230,726	147,318
Public Safety and Protection	33,312	34,693	-	-	33,312	34,693
Operating Services	17,008	18,154	-	-	17,008	18,154
Materials and Supplies	8,362	9,567	-	-	8,362	9,567
Travel and Other	0	1,605	-	-	0	1,605
Capital Outlay	8,960	22,195	-	-	8,960	22,195
Total expenses	<u>153,649</u>	<u>219,640</u>	<u>230,726</u>	<u>147,318</u>	<u>384,375</u>	<u>366,958</u>
Increase (decrease) in net position before transfers	(39,715)	(105,108)	(66,465)	(14,730)	(106,180)	(119,836)
Sale of Land and Capital Assets	0	105,000	-	-	-	-
Transfers	10,975	17,581	(10,975)	-	0	17,581
Increase (decrease) in net position	<u>(\$28,740)</u>	<u>\$17,473</u>	<u>(\$77,440)</u>	<u>(\$14,730)</u>	<u>(\$106,180)</u>	<u>(\$102,257)</u>

Expenses are classified by functions/programs. General government accounts for approximately \$61,500 while public safety, public works, and sanitation accounts for approximately \$35,000 for the fiscal year 2015. The related program revenues for fiscal 2015 directly related to these expenses totaled \$51,000 which resulted in net program expenses of \$102,000. 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 \$42,000 of general fund revenue.
- Fines and tickets are the second largest revenue source to the Village, generating approximately \$11,000 of general fund revenue.

Business-type activities. Business-type activities decreased the Village of Epps's net position by approximately \$77,400. Key elements of this decrease are as follows.

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

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the Village of Epps's governmental funds reported combined ending fund balance deficit of \$(29,895) an increase of \$53 in comparison with the prior year. All of this total amount (\$29,895) constitutes unreserved fund balance deficit, which is not available for spending at the Village's discretion.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Village of Epps must adopt a budget for the General Fund and all Special Revenue funds prior to December 31. The original budget for the Village was not adopted until April 2015 with no amendments for the year.

Revenues: Overall revenues for the General Fund were projected to increase during FY 20154 by \$10,000 from the previous year. All other revenues were expected to remain the same for 2015.

Expenditures: General governmental expenditures exceeded its budget.

Capital Asset and Debt Administration

Capital assets. The Village of Epps's investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$1,786,345 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and street improvements.

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

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

Village of Epps Capital Assets

	<u>12/31/2015</u>	<u>12/31/2014</u>
Land	\$158,000	\$158,000
Building & Improvements	443,267	443,267
Vehicles & Equipment	288,716	279,756
Infrastructure	473,960	473,960
Water & Sewer System	2,739,333	2,739,333
Total	<u>4,103,276</u>	<u>4,094,316</u>
Less Accumulated Depreciation	<u>(2,316,931)</u>	<u>(2,189,971)</u>
Total Capital Assets	<u>\$1,786,345</u>	<u>\$1,904,345</u>

Village of Epps Outstanding Debt

Revenue Bonds	<u>\$225,981</u>	<u>\$233,730</u>
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Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Village of Epps's budget for the 2015 fiscal year included the impact that the property tax reassessments that were completed which increased property values for the Village and determining the amount of revenue that will be generated from that tax. With current economic conditions, property tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

Requests for Information

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

VILLAGE OF EPPS, LOUISIANA

Statement of Net Position

December 31, 2015

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$15,837	\$35,720	\$51,557
Receivables (net of allowances for uncollectibles)	617	10,179	10,796
Internal balances	1,827	(1,827)	-
Capital assets (net)	775,916	1,010,429	1,786,345
TOTAL ASSETS	794,197	1,054,501	1,848,698
LIABILITIES			
Accounts, salaries, and other payables	35,832	6,701	42,533
Amounts due to employees	-	-	-
Customer Deposits	-	7,273	7,273
Accrued Interest Payable	-	6,698	6,698
Bonds Payable, current portion	-	23,866	23,866
Total Current Liabilities	35,832	44,538	80,370
Bonds Payable, long-term portion	-	202,115	202,115
Total Long Term Liabilities	-	202,115	202,115
TOTAL LIABILITIES	35,832	246,653	282,485
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue from Property Taxes	12,225	-	12,225
NET POSITION			
Net investment in capital assets	775,916	784,448	1,560,364
Restricted for debt service	-	-	-
Unrestricted (deficit)	(29,776)	23,400	(6,376)
TOTAL NET POSITION	746,140	\$807,848	1,553,988

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

VILLAGE OF EPPS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2015

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental	Business-type	Total
						Activities	Activities	
General Government								
Total Governmental Activities	153,649	24,434	-	26,719	(102,496)		(102,496)	
Business-type Activities								
Water and Sewer	230,726	164,261	-	-	(66,465)		(66,465)	
Total Primary Government	<u>\$384,375</u>	<u>188,695</u>	<u>-</u>	<u>26,719</u>	<u>(168,961)</u>	<u>(102,496)</u>	<u>(66,465)</u>	<u>(168,961)</u>
General Revenues:								
Property taxes						14,305		14,305
Franchise taxes						17,786		17,786
Sales taxes						10,761		10,761
Other revenues						19,929		19,929
Transfers						10,975	(10,975)	-
Total general revenues and transfers						<u>73,756</u>	<u>(10,975)</u>	<u>62,781</u>
Change in Net Position						<u>(28,740)</u>	<u>(77,440)</u>	<u>(106,180)</u>
Net position-beginning (restated)						<u>774,880</u>	<u>885,288</u>	<u>1,660,168</u>
Net position-ending						<u>\$746,140</u>	<u>\$807,848</u>	<u>\$1,553,988</u>

Statement B

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

VILLAGE OF EPPS, LOUISIANA
Balance Sheet, Governmental Funds

December 31, 2015

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$15,718	\$119	\$15,837
Receivables (net of allowances for uncollectibles)	617		617
Due from other funds	1,827		1,827
TOTAL ASSETS	\$18,162	\$119	\$18,281
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	35,832		35,832
Deferred Revenue	12,225		12,225
Amounts due to employees	0		0
Total Liabilities	48,057		48,057
Fund balances:			
Assigned - Capital Projects		119	119
Unassigned (deficit)	(29,895)		(29,895)
Total Fund Balances	(29,895)	119	(29,776)
TOTAL LIABILITIES AND FUND BALANCES	\$18,162	\$119	\$18,281

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

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

Fund Balances, Total Governmental Funds: (\$29,776)

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

	Governmental assets	1,290,579	
	Less Accumulated Depreciation	(514,663)	775,916

Net Position of Governmental Activities (Statement A) \$746,140

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

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

For the Year Ended December 31, 2015

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Franchise tax	17,786		17,786
Ad valorem tax	14,305		14,305
Sales tax	10,761		10,761
Licenses and permits	660		660
Intergovernmental revenues:			
State funds:			
Grant	26,719		26,719
Rent	12,842		12,842
Fines and tickets	10,932		10,932
Other revenues	19,929		19,929
Total Revenues	<u>113,934</u>	-	<u>113,934</u>
EXPENDITURES			
General government	61,514		61,514
Public safety and protection	33,312		33,312
Operating Services	17,008		17,008
Materials and Supplies	8,362		8,362
Travel and Other	-		0
Capital outlay	8,960	-	8,960
Total Expenditures	<u>129,156</u>	-	<u>129,156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,222)	-	(15,222)
OTHER FINANCING SOURCES (USES)			
Transfers in	10,975		10,975
Transfers out			-
Total Other Financing Sources and Uses	<u>10,975</u>	-	<u>10,975</u>
Net Change in Fund Balance	(4,247)	-	(4,247)
Fund balances -- beginning (restated)	(25,648)	119	(25,529)
Fund balances -- ending	<u>(29,895)</u>	<u>\$119</u>	<u>(\$29,776)</u>

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

Net Change in Fund Balances, Total Governmental Funds (4,247)

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

Depreciation expense	(33,453)	
Capital outlay	8,960	(24,493)
Change in Net Position of Governmental Activities, Statement B		<u>(\$28,740)</u>

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

VILLAGE OF EPPS, LOUISIANA

Statement of Net Position, Proprietary Funds - Business Type Activities

December 31, 2015

	WATER AND SEWER FUND
ASSETS	
Current Assets:	
Cash and cash equivalents	\$35,720
Receivables (net of allowances for uncollectibles)	10,179
Total Current Assets	<u>45,899</u>
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	1,010,429
Total Non-Current Assets	<u>1,010,429</u>
TOTAL ASSETS	<u><u>\$1,056,328</u></u>
LIABILITIES	
Current Liabilities:	
Accounts, salaries, and other payables	\$6,701
Customer Deposits Refundable	7,273
Due to other funds	1,827
Accrued Interest Payable	6,698
Current Portion of Notes Payable-USDA	23,866
Total Current Liabilities	<u>46,365</u>
Non Current Liabilities:	
Notes Payable-USDA	202,115
Total Non-Current Liabilities	<u>202,115</u>
NET POSITION	
Invested in capital assets, net of related debt	784,448
Restricted for debt service	
Unrestricted (Deficit)	<u>23,400</u>
TOTAL NET POSITION	<u><u>\$807,848</u></u>

The accompanying notes are an integral part of this financial statement

VILLAGE OF EPPS, LOUISIANA

**Statement of Revenues, Expenses and Changes in Net Position - Business Type Activities
Proprietary Funds**

For the Year Ended December 31, 2015

	Water and Sewer Enterprise Fund
Operating Revenues	
Charges for services:	
Water and Sewer	\$164,261
Total Operating Revenues	<u>164,261</u>
Operating Expenses	
Operations	113,588
Maintenance and Repairs	12,879
Depreciation	93,507
Total Operating Expenses	<u>219,974</u>
Operating Income (Loss)	<u>(55,713)</u>
Nonoperating Revenues (Expenses)	
Interest expense	(10,752)
Total Nonoperating Revenues (Expenses)	<u>(10,752)</u>
Income (Loss) Before Contributions and Transfers	(66,465)
Transfer Out	<u>(10,975)</u>
Change in Net Position	(77,440)
Total Net Position-Beginning	885,288
Total Net Position-Ending	<u><u>\$807,848</u></u>

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

VILLAGE OF EPPS, LOUISIANA

Statement of Cash Flows, Proprietary Funds, Business Type Activities

For the Year Ended December 31, 2015

	Water and Sewer Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$162,676
Payments to suppliers	(122,294)
Net Cash Provided by Operating Activities	<u>40,382</u>
Cash Flows From NonCapital Financing Activities	
Transfers to/from other funds	(10,975)
Net Cash Provided (used) by Noncapital Financing Activities	<u>(10,975)</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on capital debt	(7,448)
Interest paid on capital debt	(10,752)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(18,200)</u>
 Net Increase in Cash and Cash Equivalents	 11,207
 Cash and Cash Equivalents, Beginning of Year	 <u>24,513</u>
Cash and Cash Equivalents, End of Year	<u><u>\$35,720</u></u>
 Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(\$55,713)
Depreciation expense	93,507
(Increase) decrease in accounts receivable	(628)
Increase (decrease) in accounts payable	3,216
Total Adjustments	<u>96,095</u>
 Net Cash Provided by Operating Activities	 <u><u>\$40,382</u></u>

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

INTRODUCTION

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

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14 and 39, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Village of Epps has no component units as of December 31, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

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

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

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

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

The Village reports the following major governmental funds.

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

The Village reports the following major proprietary fund:

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

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

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

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

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

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

C. Deposits and Investments

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

D. Receivables

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2015

E. Deferred Inflows of Resources - Property Taxes

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The Village is authorized to levy a maximum of 7.35 mills annually on property within the boundaries of the Village for general government purposes beginning with the year 2013. The district levied 7.35 mills on property with an assessed value of \$1,663,187 for the year ended December 31, 2015. The taxes are levied in 2016 for the 2016 calendar year, therefore the revenue resulting from the 2015 tax levy will be recognized in 2016. The property tax revenue recognized in 2015 is from the 2014 levy.

F. Capital Assets

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

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

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

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

G. Compensated Absences

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

H. Long-Term Obligations

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

I. Deferred Inflows of Resources

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

J. Net Position/Fund Balance

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

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

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

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the village aldermen – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the village aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

K. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION. The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in December each year, however for 2015, the budget was not adopted until August 13, 2015. 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, 2015.

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

VILLAGE OF EPPS, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2015**

3. CASH AND CASH EQUIVALENTS

At December 31, 2015 the Village has cash and cash equivalents (book balances) totaling \$52,663 as follows:

	General Fund	Water & Sewer Fund	Totals
Demand deposits	\$15,795	\$35,330	\$51,125
Interest-bearing demand deposits	0	0	0
Cash on Hand	42	390	432
	<u>\$15,837</u>	<u>\$35,720</u>	<u>\$51,557</u>

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

At December 31, 2015, the Village has \$36,951 in deposits (collected bank balances) These deposits are secured from risk by \$250,000 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$10,796 at December 31, 2015 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Water & Sewer Funds</u>	<u>Total</u>
Property Taxes	\$617	\$0	\$617
Franchise Taxes	0	0	0
Charges for Services	0	10,179	10,179
Total	<u>\$617</u>	<u>\$10,179</u>	<u>\$10,796</u>

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

5. INTERFUND RECEIVABLES/PAYABLES

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended December 31, 2015

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2015 for the primary government is as follows:

	12/31/2014	Additions	Retirements	12/31/2015
Governmental Activities:				
Nondepreciable assets:				
Land	\$129,000			\$129,000
Depreciable assets:				
Buildings & improvements	432,032			432,032
Vehicles & Equipment	246,627	8,960		255,587
Street Improvements	473,960			473,960
Total capital assets being depreciated	1,152,619	8,960	-	1,161,579
Less accumulated depreciation	481,210	33,453	-	514,663
Total capital assets being depreciated, net	671,409	(24,493)		646,916
Total governmental activities capital assets, net	<u>\$800,409</u>	<u>(\$24,493)</u>		<u>\$775,916</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$29,000			\$29,000
Depreciable assets:				
Water & Sewer Systems and Improvements	2,739,333			2,739,333
Building	11,235			11,235
Equipment	33,129			33,129
Total capital assets being depreciated	2,783,697			2,783,697
Less accumulated depreciation	1,708,761	93,507		1,802,268
Total capital assets being depreciated, net	1,074,936	(93,507)		981,429
Total business-type activities capital assets, net	<u>\$1,103,936</u>	<u>(\$93,507)</u>		<u>\$1,010,429</u>

Depreciation expense of \$33,453 was charged to the general government function and \$93,507 was charged to the water and sewer business-type activities function for the year ended December 31, 2015

VILLAGE OF EPPS, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2015**

7. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of December 31, 2015 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 10,975	
Water and Sewer Enterprise Fund		<u>\$ 10,975</u>
Total	<u>\$ 10,975</u>	<u>\$ 10,975</u>

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

8. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2015:

	<u>Revenue Bonds Payable</u>
Balance December 31, 2014	\$ 233,730
Additions	-
Reductions	<u>(7,749)</u>
Balance December 31, 2015	<u>\$ 225,981</u>

Interest expense of \$10,752 was charged to the water and sewer business-type activities function for the year ended December 31, 2015.

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, 2015:

	<u>Revenue Bonds Payable</u>
Current	\$ 23,866
Long-Term	<u>202,115</u>
Total	<u>\$ 225,981</u>

Revenue bonds payable in the amount of \$225,981 have maturities from 2015 until 2029 and 4.5% to 6.125% interest rates

VILLAGE OF EPPS, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2015**

The individual bonds are as follows:

	\$ 237,000	\$ 13,000	\$ 359,000
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>
Original Issue Date	4/5/88	4/5/88	5/22/96
Interest Rate	6.00%	6 1/25%	4.50%
Final Payment Due	4/5/29	4/5/29	5/20/19
Interest to Maturity	\$ 66,706	\$ 3,780	\$ 9,861
Principle Outstanding	\$ 141,114	\$ 7,808	\$ 77,454
Funding Source	Water Revenue	Water Revenue	Sewer Revenue

The loans are due as follows:

	Principle	Interest	Total
	Principal	Interest	
<u>Year Ending December 31,</u>	<u>Payments</u>	<u>Payments</u>	<u>Total</u>
2016	\$ 23,866	\$ 12,430	\$ 36,296
2017	25,058	11,239	36,297
2018	26,310	9,987	36,297
2019	27,626	8,672	36,298
2020	18,534	7,289	25,823
2021-2025	58,817	24,877	83,694
2026-2029	45,770	5,854	51,624
Total	<u>\$225,981</u>	<u>\$80,348</u>	<u>\$306,329</u>

9. BOND COVENANT REQUIREMENTS

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

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

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

10. RETIREMENT SYSTEM

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

Municipal Police Employees Retirement System of Louisiana (System)

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

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

VILLAGE OF EPPS, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended December 31, 2015

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Village of Epps is required to contribute at an actuarially determined rate. The current rate is 31% of annual covered payroll. The contribution requirements of plan members and the Village of Epps are established and may be amended by state statute.

As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Epps required contributions to the System for the years ending December 31, 2015, 2014, and 2013, were \$0, \$1,725, and \$10,350, respectively. Due to the poor financial condition of the Village, no contributions have been paid since March 2013. Employee participation ceased in June 2014. The Village owes \$8,200 in contributions and interest at December 31, 2015.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2016, which is the day the financial statements were available to be issued, and it has been determined that no other significant events have occurred for disclosure.

12. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to remove the amount owed to employee. During the year it was determined that the Village did not owe the employee withheld pension payments since the Village is currently remitting the amounts to the retirement system, along with the Village's employer portion. The amount written off was \$4,300, causing net position to increase by \$4,300.

13. AMOUNT DUE INTERNAL REVENUE SERVICE

During 2014, the Village satisfied a lien in the amount of \$49,304, with the proceeds of a land sale. The current amount due for payroll taxes, interest, and penalties is \$20,025, all of which was incurred in 2015.

14. GRANTS

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

15. GOING CONCERN

The Village's General Fund had a deficit in unassigned fund balance of \$29,894 at December 31, 2015. The decrease in the deficit for the year ended December 31, 2015 was \$4,247. The Village sold a parcel of land during 2014 which helped reduce the deficit. The Village is working to reduce the remaining deficit by decreasing expenditures and improving collections of water and sewer fees. Also, the Village increase water rates to consumers and businesses in 2015.

VILLAGE OF EPPS, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2015**

17. RISK MANAGEMENT AND CONTINGENT LIABILITIES

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

The Village is involved in one lawsuit at December 31, 2015 that has been ongoing for several years. No provision for any liability is recorded in the accompanying financial statements

18. DEFICIT FUND BALANCE

The General Fund finished the year with a deficit in fund balance of \$29,895. The Village is working with a fiscal administrator from the Louisiana Legislative Auditors office to work on ways to lower and eventually eliminate this deficit

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

VILLAGE OF EPPS, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (GAAP Basis)
General Fund (and all major governmental funds)
For the Year Ended December 31, 2015**

Required Supplemental Information

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over(Under)
	Original	Final		
Revenues				
Taxes:				
Franchise tax	10,000	10,000	17,786	7,786
Ad valorem tax	12,000	12,000	14,305	2,305
Sales tax			10,761	
Licenses and permits	12,000	12,000	660	(11,340)
Intergovernmental revenues:				
State funds:				
Grant	6,000	6,000	26,719	20,719
Fines and Tickets	25,000	25,000	10,932	(14,068)
Rent	3,000	3,000	12,842	
Other revenues	-	-	19,929	19,929
Total Revenues	68,000	68,000	113,934	25,331
Expenditures				
General Government	42,090	42,090	61,514	19,424
Public safety and protection	44,600	44,600	33,312	(11,288)
Operating Services	7,500	7,500	17,008	9,508
Materials and Supplies	-	-	8,362	8,362
Travel and Other	-	-	-	-
Capital Outlay	-	-	8,960	8,960
Total Expenditures	94,190	94,190	129,156	34,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,190)	(26,190)	(15,222)	(9,635)
OTHER FINANCING SOURCES (USES)				
Transfers In	27,000	27,000	10,975	10,975
Sale of Land	-	-	-	-
Total Other Financing Sources and Uses	27,000	27,000	10,975	10,975
Net Change in Fund Balance	810	810	(4,247)	1,340
Fund Balance (Deficit) at Beginning of Year (Restated)	(29,829)	(29,829)	(25,529)	(64,709)
Fund Balance (Deficit) at End of Year	\$ (29,019)	\$ (29,019)	\$ (20,776)	\$ (63,369)

The accompanying notes are an integral part of this financial statement

VILLAGE OF EPPS, LOUISIANA

**Schedule of Compensation, Reimbursements, Benefits and
Other Payments to Agency Head, Political Subdivision Head, or
Chief Executive Officer
For the Year Ended December 31, 2015**

None of the Aldermen or Mayor took a salary or had any reimbursements.

VILLAGE OF EPPS, LOUISIANA
CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

Reference Number	Description of Finding	Planned Corrective Action	Corrective Action Taken
15-1	Inadequate Segregation of Accounting Duties	None	Management feels that the cost of hiring more staff far exceeds its benefit
15-2	Inadequate Controls over Preparation of Financial Statements	None	None
15-3	Water and Sewer accounts receivable balances recorded in general ledger are not reconciled to subsidiary records on a monthly basis	See Corrective Action Taken.	The Village hired a new accounting firm to prepare monthly bookkeeping, but the Village did not let the firm know that reconciling the subsidiary ledgers to the general ledger was needed
15-4	The 2015 General Fund Budget was not adopted until the April 13, 2015 general meeting	The Village is out of compliance with the LA Local Government Budget Act. While a budget was prepared for USDA, the Village did not use the prescribed format and the budget was not formally adopted at an open meeting by ordinance.	The Mayor is working with the new accounting firm to prepare a budget for 2016 timely.
15-5	Required employer contributions to Municipal Employees Retirement System were not remitted timely. Interest continues to accrue on the outstanding balance	The Village intends to pay its employer contributions as soon as funds are available to do so	The Village is remitting employer and employee contributions at the end of 2015. But as of year end, the Village still had several months outstanding to pay
15-6	Federal and state income tax withholdings were not remitted in a timely manner. The Village owed 1st, 2nd, 3rd and 4th quarter withholdings at year end	The Village intends to remit payroll withholdings as soon as funding is available to do so	This was an oversight by the Village, which was caught at the end of 2015. With the accounting firms help, the Village is remitting the payments in 2016
15-7	Payroll taxes and reports have not been paid nor remitted timely.	The Village will request the new accounting firm prepare quarterly payroll reports and remit monthly payroll taxes on their behalf	See Corrective Action Taken in finding 15-6
15-8	Actual budgeted General Fund expenditures exceeded estimated funds available by \$34,986 or 27%	A budget was not adopted until April 2015. The Village intends to closely monitor its revenues and expenditures and compare regularly to the budget	None
15-9	During the year, the Village made only 4 of the 12 required monthly payments to the Municipal Police Employees' Retirement System during 2015. The balance due the retirement system at December 31, 2015 was \$8,213	Three of the other 12 required payments for 2013 and 2014 were remitted as of the date of this report	None
15-10	During the year, sales taxes were withheld from water sales to business in accordance with State Law, but these taxes were not remitted to the state during the year	The Village intends to remit payroll withholdings as soon as the forms are prepared	With the accounting firms help, the Village will start filing the required forms and remit all sales tax collected
15-11	During the year, Office of Community Grant Reimbursement Funds were received but were deposited in the General Fund. The expenses related to this grant were for the water/sewer fund	The Village will be sure to make all deposits of grant funds and all funds in the proper fund	None

VILLAGE OF EPPS, LOUISIANA
 CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2015

Reference Number	Description of Finding	Planned Corrective Action	Corrective Action Taken
15-12	At year end, the operating cash accounts in the general fund and water/sewer fund were not reconciled to the general ledger	This was due, in part, to the use of two different account numbers on the general ledger	The Village will work with its accounting firm to ensure that all bank accounts are reconciled
15-13	There is no customer deposit listing for the year ended December 31, 2015. The Village switched to a new system and the old deposits did not transfer.	The Village is keeping track of all deposits received during 2015 and years going forward	None
15-14	The bank balance in the Water Meter cash account is considerably less than what is on the books as deposit liability	The Village is making deposits from customers into the Water Meter account as they receive payments	None
15-15	The budget for the General Fund and the Water/Sewer fund was not adopted by an official ordinance as required by the State of Louisiana Budget Act for a Lawrason Act municipality	The Village will adopt all budgets by ordinance at the public meeting	The 2016 budget also was not adopted by ordinance

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

FOR THE YEAR ENDED DECEMBER 31, 2015

Reference Number	Description of Finding	Corrective Action Taken	Planned Corrective Action
14-1	Inadequate Segregation of Accounting Duties	No	None
14-2	Inadequate Controls over Preparation of Financial Statements.	No	None
14-3	Water and Sewer accounts receivable balances recorded in general ledger are not reconciled to subsidiary records on a monthly basis.	No	The Village hired a new accounting firm to prepare monthly bookkeeping.
14-4	The reserve funds required by the Village's bond covenants were depleted during 2013.	Yes	The Village anticipates funding the reserve account as soon as funds are available to do so
14-5	The sinking funds required by the Village's bond covenants were depleted during 2013.	Yes	The Village anticipates funding the reserve account as soon as funds are available to do so
14-6	The 2014 General Fund Budget was not adopted until the July 21, 2014 general meeting.	Yes	The Village is out of compliance with the LA Local Government Budget Act. While a budget was prepared for USDA, the Village did not use the prescribed format and the budget was not formally adopted at an open meeting.
14-7	The Village failed to meet grant requirements to obtain funding for renovations of town hall and thus lost the grant funding awarded.	Yes	The new Clerk and Mayor are working with grant agencies to understand new grant opportunities for the Village
14-8	Regular meetings of the board of aldermen were not publicly advertised. Only the August 2014 meeting had a notice posted.	Yes	The Mayor will ensure the Clerk posts notice of all public meetings on the premises of Epps Town Hall
14-9	Retirement contributions withheld from salaries in 2013 and 2014 in error were not refunded to the employee.	Yes	During the review of the Village's books for 2015, it was determined that these funds are not owed to the employee but are currently being paid to the retirement system on behalf of the employee.
14-10	Required employer contributions to Municipal Employees Retirement System were not remitted. Interest continues to accrue on the outstanding balance.	Yes	The Village intends to pay its employer contributions as soon as funds are available to do so.
14-11	Federal and State income tax withholdings were not remitted in a timely manner. The Village owed 2nd, 3rd and 4th quarter withholdings at year end.	No	The Village intends to remit payroll withholdings as soon as funding is available to do so.
14-12	Improper GL coding of revenues and expenses occurred throughout the year.	Yes	The Village will separate revenues by type and record in the correct GL accounts. The Village will code expenses to the correct GL accounts.
14-13	During agreed upon procedures testing, it was noted that certain invoices were paid but had no detail of services or products purchased.	Yes	The Clerk will not pay any invoice that is missing a detail of the expense being paid.
14-14	1099s were not issued for contract labor employees paid more than \$600.	Yes	The Village will request the new accounting firm to prepare 1099s and W2s at year end for 2015.

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

FOR THE YEAR ENDED DECEMBER 31, 2015

Reference Number	Description of Finding	Corrective Action Taken	Planned Corrective Action
14-15	Payroll taxes have not been paid timely	No	The Village will request the new accounting firm prepare quarterly payroll reports and remit monthly payroll taxes on their behalf.
14-16	No documentation was available regarding purchase of equipment with grant funding	Yes	The new Clerk will maintain detailed records of all purchases with grant funding as well as all other purchases.
14-17	Late submission of review report to the Louisiana Legislative Auditor	Yes	The new Clerk will ensure that the records will be prepared in a timely manner at year end with the help of the new accounting firm so that the financial statements can be timely filed with the Louisiana Legislative Auditor
14-18	Actual budgeted General Fund expenditures exceeded estimated funds available by \$110,719 or 45%	Yes	A budget was not adopted until July 21, 2015. The Village intends to closely monitor its revenues and expenditures and compare regularly to the budget
14-19	Prior year actual General Fund revenues and other funding sources failed to meet budgeted revenues and other financing sources by \$87,161 or 34%.	Yes	The budget adopted on July 8, 2014 was never amended.
14-20	Prior year budgeted General Fund expenditures exceeded estimated funds available by 57,000.	Yes	The budget adopted on July 8, 2014 was never amended.
14-21	In prior year, the Village made only 4 of the 12 required monthly payments to the Municipal Police Employees' Retirement System during 2013. The balance due the retirement system at December 31, 2013 was \$8,880	Yes	The other 8 required payments for 2013 were not remitted as of the date of this report.
14-22	In prior year, the Village did not remit state income tax withholdings for the 3rd and 4th quarters of 2013 in a timely manner.	No	The 3rd quarter payment was made on February 4, 2014. The 4th quarter payment was made on May 20, 2014

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Village of Epps (the Village) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2015, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No purchases for materials and supplies exceeding \$30,000 were made during the year. No public works expenditures exceeding \$100,000 were made during the year ended December 31, 2015.

Code of Ethics for Public Officials and Public Employees

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

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

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

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

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

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

Budgeting

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

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

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

The budget was not adopted by ordinance in compliance with the Local Government Budget Act (R.S. 39:1305.D). The budget was not presented and adopted until April 13, 2015.

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

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

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
(a) trace payments to supporting documentation as to proper amount and payee;

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

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

All of the six disbursements were properly coded in the GL.

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

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

Meetings

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

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

Debt

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

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

Advances and Bonuses

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

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

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

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

David M. Hadd, CPA (APAC)

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

6/16/16 (Date Transmitted)

David M. Harth, CPA (APAC)
P.O. Box 1332
West Monroe, LA 71294

(Auditors)

In connection with your review of our financial statements as of ^{12/31/15} ~~(date)~~ and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations

These representations are based on the information available to us as of (date of 6/16/16 completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38.2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office

Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [] No []

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

Yes [] No []

Budgeting

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

Yes [] No []

Accounting and Reporting

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

Meetings

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

Yes [] No []

Debt

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

Yes [] No []

Advances and Bonuses

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

Yes [] No []

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

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

<u>Shirley Wilson</u>	<u>Mayor</u>	<u>6/16/16</u>	<u>Date</u>
<u>Donald W. WK</u>	<u>Secretary</u>	<u>6-16-16</u>	<u>Date</u>
<u>Charles Brimble</u>	<u>Clerk</u>		
	<u>Treasurer</u>		
	<u>Alderman</u>	<u>6/16/16</u>	<u>Date</u>
	<u>President</u>		