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Village of Quitman  
Quitman, Louisiana

Annual Financial Statements  
As of December 31, 2007 and for the Year Then Ended

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

Release Date 6/18/08

Village of Quitman  
Annual Financial Statements  
As of and for the Year Ended December 31, 2006  
With Supplemental Information Schedules

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Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2007

The management of the Village of Quitman, Louisiana offers readers of the Village of Quitman, Louisiana's (Village) financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2007. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Village's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Village has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

### **Overview of the Financial Statements**

This section is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

### **Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2007

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

### Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Village's assets exceeded its liabilities by \$1,848,277 (net assets); this represents an increase of \$169,340 from the last fiscal year. Of this total net asset amount, \$419,062 is unrestricted net assets. The Village's net assets are comprised of \$185,207 from governmental activities and \$1,663,070 from business-type activities.

The following is a condensed statement of the Village of Quitman's net assets as of December 31, 2007:

	Governmental-Type Activities	Business-Type Activities	Total
<b>Assets</b>			
Current & Other Assets	\$149,359	\$303,318	\$452,677
Capital Assets (net)	36,223	2,077,123	2,113,346
<b>Total Assets</b>	<b>\$185,582</b>	<b>\$2,380,441</b>	<b>\$2,566,023</b>
<b>Liabilities</b>			
Other Liabilities	\$375	\$33,240	\$33,615
Long-term Liabilities	0	684,131	684,131
<b>Total Liabilities</b>	<b>375</b>	<b>717,371</b>	<b>717,746</b>
<b>Net Assets</b>			
Invested in capital assets, net	36,223	1,392,992	1,429,215
Unrestricted	148,984	270,078	419,062
<b>Total Net Assets</b>	<b>\$185,207</b>	<b>\$1,663,070</b>	<b>\$1,848,277</b>

By far the largest portion of the Village's net assets \$1,429,215 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Village infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2007

The remaining balance of \$419,062 is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Village has total outstanding debt of \$706,260, which was used to finance some of the \$2,113,346 capital assets. Total liabilities of \$717,746 are equal to 38% of the total net assets.

The following is a summary of the statement of activities:

	Governmental-Type Activities	Business-Type Activities	Total	2006
Revenue				
Program Revenue		\$247,816	\$247,816	\$246,372
General Revenue & Transfers	\$29,457	1,748	31,205	29,737
Total Revenue	29,457	249,564	279,021	276,109
Expenses				
General & Administrative	34,434		34,434	23,471
Public Safety	825		825	975
Utilities		205,491	205,491	251,994
Depreciation	967		967	862
Total Expenses	36,226	205,491	241,717	277,302
Increase (Decrease) in Net Assets	(6,769)	44,073	37,304	(1,193)
Net Assets, Beginning	147,853	1,517,373	1,665,226	1,666,419
Net Assets, Ending	\$141,084	\$1,561,446	\$1,702,530	\$1,665,226

### Governmental Activities

The governmental activities of the Village include General Government and Public Safety. In that, revenues normally associated with municipal operations, (e.g. property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

### Business-type Activities

The business-type activities of the Village are those that charge a fee to customers for the services provided. The Village has only one business-type activity, which is accounted for in the enterprise fund. The Village uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

The following is a summary of the business-type activities of the Village:

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Management Discussion and Analysis  
December 31, 2007

<u>Operating Revenues Net of Purchases</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended December 31, 2006	\$111,907	\$14,016	\$125,923
Fiscal year ended December 31, 2007	90,003	15,089	105,092
Increase (decrease) between years	<u>(\$21,904)</u>	<u>\$1,073</u>	<u>(\$20,831)</u>
<u>Operating Expenses</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended December 31, 2006	\$186,460	\$37,799	\$224,259
Fiscal year ended December 31, 2007	151,246	26,690	177,936
Increase (decrease) between years	<u>(\$35,214)</u>	<u>(\$11,109)</u>	<u>(\$46,323)</u>
<u>Net Income (Loss) From Operations</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended December 31, 2006	(\$74,553)	(\$23,783)	(\$98,336)
Fiscal year ended December 31, 2007	(61,243)	(11,601)	(72,844)
Increase (decrease) between years	<u>\$13,310</u>	<u>\$12,182</u>	<u>\$25,492</u>

The reasons for major fluctuations noted above are as follows:

A decrease in revenue and increase in expenses during the year resulted in a material change in net loss from operations of \$72,844.

### **Fund Financial Statements - Governmental Funds**

The fund financial statements provide more detailed information about the Village's most significant funds - not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for a particular purpose.

The Village currently maintains two individual governmental fund types. These fund types include the General Fund and Capital Projects Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Capital Projects Fund which are both considered to be major funds.

The Village adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget figures.

Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2007

Financial Analysis of the Village's Governmental Fund

The Village of Quitman's governmental fund (General Fund) reported an ending fund balance of \$90,738, which is a decrease of \$11,021. This decrease is caused by a decrease in revenue from state grants. The entire ending fund balance of \$90,738 is unreserved.

**Fund Financial Statements - Proprietary Funds**

The Village maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Village uses enterprise funds (the first type of proprietary fund) to account for its Water and Sewer Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Village's Proprietary Fund

The Village's proprietary funds show an increase in ending net assets of \$145,697. The 2007 operating losses of the Water and Sewer Departments totaling \$72,844 represents an increase of \$25,492 from fiscal year 2006.

In that, financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The Village did not amend their original General Fund budget during the course of the year.

The actual revenue for the current fiscal year was not sufficient to meet all expenditures. The final budget and the actual results differ by a negative \$8,137.

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2007 is \$1,429,215.

There were no new major capital assets purchased in fiscal 2007 for governmental activities; however, water lines are in the process of being constructed and a new metal building was purchased.



Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2007

Current Financial Factors

The Village is working on improving the quality of water by replacing the old water lines and working on the water tanks. The Village is working with engineers to complete construction projects concerning the Water Department.

Requests for Information

This financial report is designed to provide a general overview of the Village of Quitman's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Delayne Dunham, P. O. Box 35, Quitman, LA 71268.

# EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

## Independent Accountant's Report

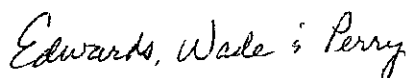
We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Quitman, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Quitman's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of District's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated May 5, 2008, on the results of our agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 28, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



Ruston, Louisiana

May 5, 2008

Village of Quitman, Louisiana  
Statement of Net Assets  
December 31, 2007

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash investments	\$145,779	\$208,813	\$354,592
Receivables	30,960	14,308	45,268
Internal balances	(27,380)	27,380	0
Deferred revenue		37,365	37,365
Restricted assets		12,000	12,000
Inventory		3,452	3,452
Capital assets (net)	36,223	2,077,123	2,113,346
TOTAL ASSETS	<u>\$185,582</u>	<u>\$2,380,441</u>	<u>\$2,566,023</u>
LIABILITIES			
Accounts, salaries, and other payables	\$375	(\$889)	(\$514)
Current loans and interest payable		22,129	22,129
Liabilities payable from restricted assets		12,000	12,000
Loans payable		684,131	684,131
TOTAL LIABILITIES	<u>375</u>	<u>717,371</u>	<u>717,746</u>
NET ASSETS			
Invested in capital assets, net of related debt	36,223	1,392,992	1,429,215
Unrestricted	148,984	270,078	419,062
TOTAL NET ASSETS	<u>\$185,207</u>	<u>\$1,663,070</u>	<u>\$1,848,277</u>

The accompanying notes are an integral part of this statement.

Village of Quitman, Louisiana  
Statement of Activities  
Year Ended December 31, 2007

	Program Revenues			Net (Expenses) Revenues and		
	Charges for	Operating	Capital	Governmental	Business-type	Total
	Services	Contributions	Contributions	Activities	Activities	
Expenses						
Governmental Activities:						
General government	\$34,434			(\$34,434)		(\$34,434)
Public safety	825			(825)		(\$825)
Depreciation	967			(967)		(967)
Total governmental activities	0	0	0	(\$36,226)	0	(\$36,226)
Business-type activities						
Utilities	205,491		144,143		42,325	42,325
Total business-type activities	205,491	0	144,143	0	42,325	42,325
Total primary government	\$241,717	\$0	\$144,143	(\$36,226)	\$42,325	\$6,099
General revenues:						
Franchise fees				4,470		4,470
Licenses and permits				19,678		19,678
Investment earnings				345	329	674
Other general revenues				4,964	1,419	6,383
Transfers (net)				0	0	0
Total general revenues and transfers				29,457	1,748	31,205
Change in Net Assets				(6,769)	44,073	37,304
Net assets - beginning				147,853	1,517,373	1,665,226
Net assets - ending				\$141,084	\$1,561,446	\$1,702,530

The accompanying notes are an integral part of this statement.

Village of Quitman, Louisiana  
 Balance Sheet, Governmental Funds  
 December 31, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash investments	\$87,333	\$58,446	\$145,779
Receivable	30,960		30,960
Due from other funds	1,963		1,963
<b>TOTAL ASSETS</b>	<b><u>\$120,256</u></b>	<b><u>\$58,446</u></b>	<b><u>\$178,702</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	\$375		\$375
Due to other funds	29,143	200	29,343
Total liabilities	<u>29,518</u>	<u>200</u>	<u>29,718</u>
Fund balances:			
Unreserved, reported in:			
General fund	90,738		90,738
Capital projects fund		58,246	58,246
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$120,256</u></b>	<b><u>\$58,446</u></b>	<b><u>\$178,702</u></b>

The accompanying notes are an integral part of this statement.

## Statement D

Village of Quitman, Louisiana  
Reconciliation of The Governmental Funds Balance Sheet  
to The Government-Wide Financial Statement of Net Assets  
December 31, 2007

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

Fund balances, Total governmental funds (Statement C)		\$148,984
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	61,335	
Less accumulated depreciation	<u>(25,112)</u>	<u>36,223</u>
Net Assets of Governmental Activities (Statement A)		<u>\$185,207</u>

The accompanying notes are an integral part of this statement.

Village of Quitman, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Franchise fees	\$4,470		\$4,470
Licenses and permits	19,678		19,678
Intergovernmental revenues:	0		
Federal USDA grants	0	\$100,000	100,000
Local funds	0	15,000	15,000
Other revenues	4,964	0	4,964
Total Revenues	29,112	115,000	144,112
EXPENDITURES			
General government	34,434	0	34,434
Public safety	825	0	825
Capital outlay	5,219	84,588	89,807
Total Expenditures	40,478	84,588	125,066
Excess (Deficiency) of Revenues over (under) Expenditures	(11,366)	30,412	19,046
OTHER FINANCING SOURCES (USES)			
Interest earned	345	0	345
Operating transfers in	0	0	0
Total Other Financing Sources (Uses)	345	0	345
Net Change in Fund Balance	(11,021)	30,412	19,391
Fund Balance – beginning	101,759	27,834	129,593
Fund Balance – ending	\$90,738	\$58,246	\$148,984

The accompanying notes are an integral part of this statement.

Village of Quitman, 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, 2007

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

Net Change in Fund Balances, Total governmental funds (Statement E)	\$19,391
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$89,807) exceeded depreciation (\$967) in the current period.	88,840
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Grant proceeds shown as revenue in the capital projects fund for the improvements to the water lines shown in the Business-type activities (proprietary fund).	<u>(115,000)</u>
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Change in Net Assets of Governmental Activities, Statement B	<u><u>(\$6,769)</u></u>
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The accompanying notes are an integral part of this statement.



Village of Quitman, Louisiana  
Statement of Net Assets, Proprietary Funds  
December 31, 2007

		Business-Type Activities - Enterprise Funds	
		2007	2006
ASSETS			
Current assets:			
Cash and cash investments		\$208,813	\$209,233
Receivables		14,308	14,479
Deferred revenue		37,365	12,841
Due from other funds		29,143	0
Inventory		3,452	3,452
Total current assets		<u>293,081</u>	<u>240,005</u>
Restricted assets:			
Cash and cash investments		12,000	8,285
Non-current assets:			
Capital assets (net of accumulated depreciation)		<u>2,077,123</u>	<u>2,007,503</u>
Total Non-current assets		<u>2,077,123</u>	<u>2,007,503</u>
TOTAL ASSETS		<u>\$2,382,204</u>	<u>\$2,255,793</u>
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables		(\$889)	\$1,505
Due to other funds		1,763	1,763
Loans and interest payable		22,129	23,737
Total current liabilities		<u>23,003</u>	<u>27,005</u>
Current liabilities payable from restricted assets		<u>12,000</u>	<u>8,285</u>
Non-current liabilities:			
Loans payable		684,131	703,130
Total non-current liabilities		<u>684,131</u>	<u>703,130</u>
Total liabilities		<u>719,134</u>	<u>738,420</u>
NET ASSETS			
Invested in capital assets, net of related debt		1,392,992	1,283,873
Unrestricted		270,078	233,500
TOTAL NET ASSETS		<u>\$1,663,070</u>	<u>\$1,517,373</u>

The accompanying notes are an integral part of this statement.

Village of Quitman, Louisiana  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007

	Business-Type Activities - Enterprise Funds	
	2007	2006
Operating Revenues		
Charges for services:		
Water sales	\$90,003	\$111,907
Sewer charges	13,670	13,260
Other services	1,419	756
Total Operating Revenues	105,092	125,923
Operating Expenses		
Cost of sales and services	53,715	100,091
Administration	2,629	10,853
Depreciation	121,592	113,315
Total Operating Expenses	177,936	224,259
Operating income (loss)	(72,844)	(98,336)
Nonoperating revenue (expenses)		
Interest earnings	329	6,203
Interest expense	(27,555)	(27,735)
Total Nonoperating Revenue (Expenses)	(27,226)	(21,532)
Income before contributions and transfers	(100,070)	(119,868)
Capital contributions - USDA grant	115,000	83,000
Capital contributions - DOTD grant	29,143	
Transfers out	0	(6,305)
Change in Net Assets	44,073	(43,173)
Total Net Assets - Beginning	1,517,373	1,560,546
Prior year adjustment for water line improvements not added	101,624	0
Total Net Assets - Ending	<u>\$1,663,070</u>	<u>\$1,517,373</u>

The accompanying notes are an integral part of this statement.

Village of Quitman, Louisiana  
Statement of Cash Flows, Proprietary Funds  
For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$77,086	\$138,229
Payments to suppliers	(58,738)	(121,430)
Payments to employees	(21,775)	(21,775)
Payments to other funds	0	0
Net Cash Provided by Operating Activities	<u>(3,427)</u>	<u>(4,976)</u>
Cash Flows from Noncapital Financing Activities		
Prior period adjustment	(4,983)	
Transfer to other funds	0	(6,305)
Capital contributions	144,143	83,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>139,160</u>	<u>76,695</u>
Cash Flows from Capital and Related Financing Activities		
Loan proceeds	0	20,089
Purchases of capital assets	(84,588)	(89,378)
Principal paid on capital debt	(20,499)	(19,505)
Interest paid on capital debt	(27,680)	(28,129)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(132,767)</u>	<u>(116,923)</u>
Cash Flows from Investing Activities		
Interest and dividends received	329	6,203
Net Cash Provided by Investing Activities	<u>329</u>	<u>6,203</u>
Net Increase in Cash and equivalents	3,295	(39,001)
Cash and equivalents, Beginning of Year	<u>217,518</u>	<u>256,519</u>
Cash and equivalents, End of Year	<u>\$220,813</u>	<u>\$217,518</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities		
Operating income	(\$72,844)	(\$98,336)
Depreciation expense	121,592	113,315
(Increase) decrease in accounts receivable	171	(2,817)
Increase (decrease) in customer deposits	3,715	230
Increase (decrease) in accounts payable	(2,394)	(4,527)
(Increase) decrease in deferred revenue	(24,524)	(12,841)
Increase (decrease) in interfund - net	(29,143)	0
Net Cash Provided by Operating Activities	<u>(\$3,427)</u>	<u>(\$4,976)</u>
Reconciliation of total cash and cash investments:		
Current assets - cash and cash investments	\$208,813	\$209,233
Restricted assets - cash and cash investments	12,000	8,285
Total cash and cash investments	<u>\$220,813</u>	<u>\$217,518</u>

The accompanying notes are an integral part of this statement.

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

## INTRODUCTION

The Village was incorporated in 1901 under the provisions of Louisiana Revised Statutes 33:52. The Village operates under a form of government consisting of an elected mayor and a Village council, which has three elected members. The Village, with 4 part-time employees, provides utility services, parks and recreation, and administrative services to its residents. The Village consists of approximately 190 citizens.

GASB Statement No. 14, *The Reporting Entity*, 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 and local governments. As used in GASB Statement No. 14, 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.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the village have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 and the fiduciary 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.

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 receivables 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 cash is received by the government.

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 Capital projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and major capital improvements.

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

The Village reports the following major proprietary funds:

The Utility fund is to account for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

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 governments enterprise operations. Elimination of those 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 nonoperating 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. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Village. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### C. Deposits and Investments

The Village's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Village are reported at fair value.

#### D. Receivables and Payables

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

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

“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.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The Village calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the Village’s policy to use restricted assets before unrestricted assets for their intended purposes.

G. 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. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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>
Water and sewer system and lines	40 years
Buildings and improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

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 assets.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There are no reservations or designations for the year ended December 31, 2007.

J. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 the estimates.

L. Reconciliations of Government-Wide and Fund Financial Statements

*Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets* The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Governmental capital assets	\$61,335
Less accumulated depreciation	<u>(25,112)</u>
Net adjustment	<u><u>\$36,223</u></u>

*Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities* The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Expenditures for capital assets	\$89,807
Depreciation	(967)
Grant proceeds	(115,000)
Loan proceeds	<u>0</u>
Net adjustment	<u><u>(\$26,160)</u></u>



Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

M. RISK MANAGEMENT

The village is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the village maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2007.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

*BUDGET INFORMATION* The Village uses the following budget practices:

The Village adopted a budget for the year ended December 31, 2007 for the General fund. The Village follows the following procedures in establishing the budgetary data reflected in the financial statements. During the December meeting, the Village clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Village clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There were no amendments to the original budget.

The Village's daily management and Village council will monitor the budget and actual figures on a monthly basis for needed amendments.

3. CASH AND CASH EQUIVALENTS

At December 31, 2007, the Village has cash and cash equivalents (book balances) totaling \$350,059 as follows:

Demand deposits	\$164,819
Interest-bearing demand deposits	55,028
Time deposits	<u>130,212</u>
Total	<u><u>\$350,059</u></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, 2007, the Village has \$367,281 in deposits (collected bank balances). These deposits are secured from risk by \$111,364 of federal deposit insurance and \$200,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3). The remaining balances of \$55,917 is not secured by the pledge of securities and is a violation of state law.

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

#### 4. INVESTMENTS

Investments include 3 certificates of deposit all with maturities of 6 months that have been included in cash and equivalents in the basic financial statements. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Village or its agent in the Village's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name

At fiscal year-end, the Village's investments balances were as follows:

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	<u>\$130,212</u>	<u>\$0</u>	<u>\$0</u>	<u>\$130,212</u>	<u>\$0</u>	<u>\$0</u>	<u>\$130,212</u>
Total investments	<u>\$130,212</u>	<u>\$0</u>	<u>\$0</u>	<u>\$130,212</u>	<u>\$0</u>	<u>\$0</u>	<u>\$130,212</u>

#### 5. RECEIVABLES

The receivables of \$45,268 at December 31, 2007, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Franchise taxes	\$1,817		\$1,817
State grant	29,143		29,143
Accounts		\$14,308	14,308
Total	<u>\$30,960</u>	<u>\$14,308</u>	<u>\$45,268</u>

The Village's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnect fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

#### 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2007 is as follows:

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

Due To/From Other Funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	General	(\$27,180)
	Capital Projects	(200)
Utility	Utility	27,380
Total		<u>\$0</u>

The balances consist of allocations for accounting fees and payroll and payroll taxes. The Village's management will determine an action to take in order to reduce the interfunds in approximately 2 years.

## 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2007, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$13,000</u>			<u>\$13,000</u>
Total capital assets not being depreciated	<u>13,000</u>	<u>0</u>	<u>0</u>	<u>13,000</u>
Capital assets being depreciated:				
Buildings	<u>23,474</u>	<u>1,976</u>		<u>25,450</u>
Machinery and equipment	<u>19,642</u>	<u>3,243</u>		<u>22,885</u>
Total capital assets being depreciated	<u>43,116</u>	<u>5,219</u>	<u>0</u>	<u>48,335</u>
Less accumulated depreciation for:				
Buildings	<u>13,144</u>	<u>509</u>		<u>13,653</u>
Machinery and equipment	<u>11,000</u>	<u>458</u>		<u>11,458</u>
Total accumulated depreciation	<u>24,144</u>	<u>967</u>	<u>0</u>	<u>25,111</u>
Total capital assets being depreciated, net	<u>\$31,972</u>	<u>\$4,252</u>	<u>\$0</u>	<u>\$36,224</u>

	<u>Beginning Balance</u>	<u>Adjust</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	<u>\$0</u>				<u>\$0</u>
Total capital assets not being depreciated	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Capital assets being depreciated:					
Improvements other than buildings	<u>2,494,217</u>	<u>\$106,624</u>	<u>\$84,588</u>		<u>2,685,429</u>
Machinery and equipment	<u>118,964</u>				<u>118,964</u>
Total capital assets being depreciated	<u>2,613,181</u>	<u>106,624</u>	<u>84,588</u>	<u>0</u>	<u>2,804,393</u>
Less accumulated depreciation	<u>605,678</u>		<u>121,592</u>		<u>727,270</u>
Total capital assets being depreciated, net	<u>\$2,007,503</u>	<u>\$106,624</u>	<u>(\$37,004)</u>	<u>\$0</u>	<u>\$2,077,123</u>

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

Depreciation expense of \$967 for the year ended December 31, 2007, was charged to the following governmental functions:

General government	<u>\$967</u>
Total	<u><u>\$967</u></u>

#### 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$(514) at December 31, 2007, are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Accounts	<u>\$375</u>	<u>(\$889)</u>	<u>(\$514)</u>
Total	<u><u>\$375</u></u>	<u><u>(\$889)</u></u>	<u><u>(\$514)</u></u>

#### 9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2007:

	<u>Loans payable</u>
Long-term obligations at beginning of year	\$723,630
Additions	0
Deductions	<u>(20,499)</u>
Long-term obligations at end of year	<u><u>\$703,131</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2007:

	<u>Loans payable</u>
Current portion	\$19,000
Long-term portion	<u>684,131</u>
Total	<u><u>\$703,131</u></u>

The loans payable at December 31, 2007, are comprised of the following individual issues:

<u>Loan number</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
DHH 1049014-01	5/23/02	3.95	2024	\$89,113	\$413,000	DHH
USDA	12/9/04	unknown	unknown	unknown	290,131	USDA

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

At December 31, 2007, the Village has accumulated \$56,362 for future debt repayments. The annual requirements to amortize all loans outstanding at December 31, 2007, including interest of \$430,444 is as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2008	\$22,143	\$26,906	\$49,049
2009	22,787	26,098	48,885
2010	23,938	25,257	49,195
2011	25,096	24,374	49,470
2012	25,761	23,459	49,220
2013 - 2017	146,562	102,203	248,765
2018 - 2022	178,491	73,012	251,503
2023 - 2027	67,787	47,440	115,227
2028 - 2032	42,295	38,345	80,640
2033 - 2037	52,945	27,696	80,641
2038 - 2042	66,276	14,364	80,640
2042 - 2044	29,050	1,290	30,340
Total	<u>\$703,131</u>	<u>\$430,444</u>	<u>\$1,133,575</u>

#### 10. ON BEHALF PAYMENTS FOR SALARIES

The village recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the village's police employees. For the year ended December 31, 2007, the State made contributions of \$4,225.

#### 11. CONTINGENT LIABILITIES

At December 31, 2007, the village is involved in one lawsuit. The legal advisor is unable to estimate the ultimate resolution of such matters.

## REQUIRED SUPPLEMENTAL INFORMATION

Village of Quitman, Louisiana  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Franchise fees	\$4,425	\$4,425	\$4,470	\$45
Licenses and permits	18,876	18,876	19,678	802
State grants	0	0		0
Other revenues	280	280	4,964	4,684
Total Revenues	23,581	23,581	29,112	5,531
EXPENDITURES				
General government	27,315	27,315	34,434	(7,119)
Public safety	0	0	825	(825)
Capital outlay	0	0	5,219	(5,219)
Total Expenditures	27,315	27,315	40,478	(13,163)
Excess (Deficiency) of Revenues over (under) Expenditures	(3,734)	(3,734)	(11,366)	(7,632)
OTHER FINANCING SOURCES (USES)				
Interest earned	850	850	345	(505)
Operating transfers in	0	0	0	0
Total Other Financing Sources (Uses)	850	850	345	(505)
Net Change in Fund Balance	(2,884)	(2,884)	(11,021)	(8,137)
Fund Balance (Deficit) at Beginning of Year	58,917	58,917	101,759	42,842
Fund Balance (Deficit) at End of Year	<u>\$56,033</u>	<u>\$56,033</u>	<u>\$90,738</u>	<u>\$34,705</u>

Notes to the Schedule

- (1) method of budgetary accounting - GAAP  
(2) explanation of material variances  
Village did not amend for increases in utilities  
Village did not amend for capital outlay

The accompanying notes are an integral part of this statement.

## OTHER SUPPLEMENTAL SCHEDULES



Village of Quitman  
Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 2007

<u>Board Member</u>	<u>Amount</u>
Joe Vail, Mayor	\$2,750
Sylvia Pagan	1,375
James Trull	1,375
Todd Culpepper	<u>1,375</u>
Total	<u><u>\$6,875</u></u>

The accompanying notes are an integral part of this statement.

Village of Quitman  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2007

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity number</u>	<u>Federal Expenditures</u>
United States Department of Agriculture			
Water and waste disposal systems for rural communities	10.760	N/A	<u>\$74,595</u>
Total Federal Financial Assistance			<u><u>\$74,595</u></u>

The accompanying notes are an integral part of this statement.

## OTHER REPORTS

# EDWARDS, WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA / Society of LCPA's

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Mayor and Board of Aldermen  
Village of Quitman  
Quitman, Louisiana

We 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 Quitman 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, 2007 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, 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).

There were no expenditures made during the year for material and supplies exceeding \$20,000 and no expenditures were made for public works exceeding \$100,000.

### *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 interests of all board members and employees, as well as their immediate families.

Management provided us 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 us with the required list.

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 on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedures (2).

#### *Budgeting*

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

Management provided us with a copy of the original budget. There was no amendment to the budget during the year.

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

We traced the adoption of the original budget to the minutes of a meeting held in December, 2006.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year were above budgeted amounts. Actual expenditures for the year exceeded budgeted amounts by \$13,163 or 48%.

#### *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;

We examined supporting documentation for five of the six selected disbursements and found that payment was for the proper amount for those five. The invoice could not be located for a repair expenses in the amount of \$425.

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

Each payment was properly coded to the correct fund and general ledger account for the five disbursements that had supporting documentation.

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

Inspection of supporting documentation indicated approval from the Board.

#### *Meetings*

9. Examine evidence indication 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).

We inquired of management whether agendas for meetings were posted at the meeting place at least 24 hours prior to the meeting. Management stated that agendas were posted and a copy is retained by the clerk.

#### *Debt*

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

We inspected copies of all bank deposit slips and statements for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness other than the amounts shown in this report.

#### *Advances and Bonuses*

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

A reading of the minutes of the district for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advance or gifts.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Edwards, Wade & Perry*

Ruston, Louisiana

May 5, 2008

Village of Quitman  
Quitman, Louisiana

Management's Corrective Action Plan  
For the Year Ended December 31, 2007

1. Agreed-upon procedure #7: The District will compare budgeted revenues and expenditures to actual revenues and expenditures throughout the year and amend the budget figures as necessary.

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

2/20/08 (Date Transmitted)

Edwards, Wake & Parry, CPAs  
206 E. Reynolds Drive, Suite 60  
Ruston, LA 71270 (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 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 June 30, 2007 completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, 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 LSA-RS 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 LSA-RS 42:1119.

Yes [ ☒ ] No [ ☐ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

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 LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [ ☒ ] No [ ☐ ]



We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No [ ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No [ ]

### Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

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 LSA-RS 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, LSA-RS 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 which may occur subsequent to the issuance of your report.

Delaine Dunham Secretary 2/20/08 Date  
Joe Vasp Treasurer \_\_\_\_\_ Date  
Joe Vasp President 2/20/08 Date