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Reissued Report

VILLAGE OF QUITMAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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 JUL 19 2000

**VILLAGE OF QUITMAN
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

To the Board of Alderman
Village of Quitman
Quitman, Louisiana

I have compiled the accompanying financial statements of Village of Quitman as of and for the year ended December 31, 1999, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of Village of Quitman. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated June 16, 2000, on the results of my agreed-upon procedures.


William D. Edwards, CPA
June 16, 2000

VILLAGE OF QUITMAN
Combined Balance Sheet - All Fund Types
and Account Groups
As of December 31, 1999

| | <u>Governmental Fund Type</u> | | <u>General</u> | <u>(Memo)</u> |
|--|-------------------------------|-------------------------|------------------------|-------------------------|
| | <u>General</u> | <u>Proprietary</u> | <u>Fixed Asset</u> | |
| | <u>Fund</u> | <u>Fund</u> | <u>Account Group</u> | <u>Totals</u> |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and equivalents | \$76,872 | \$141,620 | | \$218,492 |
| Accounts receivable | | 4,361 | | 4,361 |
| Interfund receivable | 2,196 | 232 | | 2,428 |
| Inventory | | 3,452 | | 3,452 |
| Total current assets | <u>79,068</u> | <u>149,665</u> | <u>0</u> | <u>228,733</u> |
| Restricted Assets: | | | | |
| Cash - Meter deposits | | 6,381 | | 6,381 |
| Noncurrent Assets: | | | | |
| Property, plant, and equipment | | 859,634 | \$56,116 | 915,750 |
| Less: accumulated depreciation | | (270,966) | | (270,966) |
| Total noncurrent assets | <u>0</u> | <u>588,668</u> | <u>56,116</u> | <u>644,784</u> |
| TOTAL ASSETS | <u><u>\$79,068</u></u> | <u><u>\$744,714</u></u> | <u><u>\$56,116</u></u> | <u><u>\$879,898</u></u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$251 | \$403 | | \$654 |
| Sales tax payable | | 298 | | 298 |
| Interfund payable | 232 | 2,196 | | 2,428 |
| Customer deposits payable | | 6,381 | | 6,381 |
| Payroll taxes payable | | 501 | | 501 |
| Total liabilities | <u>483</u> | <u>9,779</u> | <u>0</u> | <u>10,262</u> |
| Fund Equity | | | | |
| Investment in general fixed assets | | | \$56,116 | 56,116 |
| Retained earnings - Unreserved | | (30,643) | | (30,643) |
| Contributed Capital | | 765,578 | | 765,578 |
| Fund balance: | | | | |
| Unreserved-designated | 77,113 | | | 77,113 |
| Contributed | 1,472 | | | 1,472 |
| Total fund equity | <u>78,585</u> | <u>734,935</u> | <u>56,116</u> | <u>813,520</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$79,068</u></u> | <u><u>\$744,714</u></u> | <u><u>\$56,116</u></u> | <u><u>\$879,898</u></u> |

VILLAGE OF QUITMAN
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Fund Type
As of December 31, 1999

| | |
|-------------------------------------|------------------------|
| REVENUES | |
| Occupational license | \$10,551 |
| Tobacco tax | 876 |
| Franchise fee | 6,516 |
| Interest earned | 832 |
| Other revenue | 488 |
| TOTAL REVENUES | <u>19,263</u> |
| EXPENDITURES | |
| Accounting | 1,214 |
| Utilities | 4,615 |
| Insurance | 1,662 |
| Janitorial | 1,123 |
| Elected officials - per diem | 4,200 |
| Office | 50 |
| Town clerk | 1,805 |
| Telephone | 499 |
| Legal and advertising | 872 |
| Miscellaneous | 50 |
| Donations | 100 |
| Supplies | 243 |
| Fire hydrant | 120 |
| Marshall fees | 600 |
| Outside services | 675 |
| Repairs and maintenance | 688 |
| Dues | 183 |
| Freight and postage | 115 |
| TOTAL EXPENDITURES | <u>18,814</u> |
| EXCESS OF REVENUE OVER EXPENDITURES | 449 |
| FUND BALANCE, BEGINNING | <u>76,664</u> |
| FUND BALANCE, ENDING | <u><u>\$77,113</u></u> |

VILLAGE OF QUITMAN
Statement of Revenues, Expenses, And Changes in
Retained Earnings - All Proprietary Fund Types
For the Year Ended December 31, 1999

| | |
|---------------------------------|--------------------------|
| OPERATING REVENUES | |
| Water sales and sewer fees | \$58,040 |
| Miscellaneous fees | 151 |
| TOTAL OPERATING REVENUES | <u>58,191</u> |
| | |
| OPERATING EXPENSES | |
| Accounting | 1,115 |
| Depreciation | 25,817 |
| Insurance | 1,173 |
| Office supplies and expense | 884 |
| Repairs and maintenance | 4,592 |
| Payroll Expense | 10,220 |
| Utilities | 8,356 |
| Mileage | 820 |
| Payroll tax | 793 |
| Chemical supplies and testing | 3,780 |
| General supplies | 127 |
| Meter taps | 340 |
| Outside services | 2,487 |
| Freight and postage | 533 |
| Sales tax | 1,202 |
| Workman's Comp. Insurance | 386 |
| TOTAL OPERATING EXPENSES | <u>62,625</u> |
| OPERATING INCOME (LOSS) | (4,434) |
| | |
| NONOPERATING REVENUE (EXPENSES) | |
| Interest income | <u>1,899</u> |
| NET INCOME (LOSS) | (2,535) |
| | |
| RETAINED EARNINGS, BEGINNING | <u>(28,108)</u> |
| RETAINED EARNINGS, ENDING | <u><u>(\$30,643)</u></u> |

VILLAGE OF QUITMAN
Statement of Cash Flow - Proprietary Fund
For the Year Ended December 31, 1999

| | | |
|--|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating Income (Loss) | | (\$2,535) |
| Adjustments to Reconcile Operating Income to Net | | |
| Cash Provided by Operating Activities: | | |
| Depreciation | | 25,817 |
| Decrease in accounts receivable | | 109 |
| Increase in accounts payable | | (2,294) |
| Decrease in payroll taxes payable | | 14 |
| Increase in sales taxes payable | | 10 |
| Increase in customer deposits payable | | 2,351 |
| Decrease in interfund receivable | | <u>4</u> |
| NET CASH (USED BY) OPERATING ACTIVITIES | | 23,476 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | 0 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Office Equipment | | <u>(2,337)</u> |
| NET INCREASE IN CASH | | 21,139 |
| CASH AT BEGINNING OF YEAR | | <u>126,862</u> |
| CASH AT END OF YEAR | | <u><u>\$148,001</u></u> |

| | | |
|-------------------|--|-------------------------|
| SUMMARY | | |
| Operating account | | \$141,620 |
| Restricted | | <u>6,381</u> |
| | | <u><u>\$148,001</u></u> |

| | |
|-----------------------|--------|
| Taxes paid in 1999 | \$1971 |
| Interest paid in 1999 | -0- |

VILLAGE OF QUITMAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Quitman was incorporated in 1903 under the provisions of the Lawrason Act and operates under a Mayor-Board of Alderman form of government. The Village provides the following services to its residents: public safety (police); highways and streets; water facilities through the utility fund; culture/recreation; and general administrative services.

The accounting and reporting practices of the Village of Quitman conform to generally accepted accounting principles. The Governmental Accounting Standards Board prescribes general accepted accounting principles for governments. The Village's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide".

The following is a summary of certain significant accounting policies:

A. FINANCIAL REPORTING ENTITY

This report includes all funds and account groups which are controlled by the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities.

B. FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are grouped, in the financial statements in the report, into four generic fund types and two broad fund categories as follows:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the Village. Its accounts for all financial resources except those required to be accounted for in another fund.

Proprietary Fund Type

Enterprise Fund - The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the

Village of Quitman
Notes to the Financial Statements
For the Year Ended December 31, 1999

costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Utility Fund is the Village's only proprietary fund type.

C. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurements focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Account groups establish accounting control and accountability for the Village's general fixed assets and the unmatured principal on its general long-term debt. These account groups are not funds - they do not reflect available financial resources and related liabilities - but are accounting records of general fixed assets and general long-term debt, respectively, and certain associated information.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the *General Fixed Assets Account Group*, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements, other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized with other general fixed assets. Depreciation has not been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the *General Long-Term Debt Account Group*. The Village has no long term debt at December 31, 1999.

The Proprietary Fund Type - Enterprise Fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all liabilities (whether current or non current) associated with its activity are included on its balance sheets.

Depreciation of all exhaustible fixed assets used by the Proprietary Fund Type - Enterprise Fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight - line method. The estimated useful lives are as follows:

| | |
|--------------|------------|
| Improvements | 33 years |
| Equipment | 3-10 years |

Village of Quitman
Notes to the Financial Statements
For the Year Ended December 31, 1999

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Other intergovernmental revenues are recognized when in the hands of the collecting governments.

For governmental fund types the expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when it becomes due for payment.

The proprietary fund type - enterprise fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are incurred.

E. BAD DEBTS

The accounts receivable balance as of December 31, 1999 are thought to be collectible, thus no provision for uncollectible accounts has been made in these statements.

F. ACCUMULATED UNPAID VACATION

The Village's obligation for employee's rights to receive compensation for future absences such as vacation was not determined as of December 31, 1999, and thus, is not recognized in the accompanying financial statements. The amounts are not considered significant and would not have a material effect on the accompanying financial statements.

G. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Village of Quitman
Notes to the Financial Statements
For the Year Ended December 31, 1999

2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

The Village's cash accounts at December 31, 1999, are categorized below to give an indication of the level of risk assumed by the Village at year end. Category 1 includes cash that is insured. Category 2 includes uninsured and unregistered cash and investments, with securities held by the counter party's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered cash and investments, with securities held by the counter party or by its trust department or agent but not in the Village's name. In accordance with GASB 3, this category includes certificate of deposits or money market accounts that are collateralized with securities held by the pledging financial institutions or by its trust department or agent but not in the Village's name, although balances so collateralized meet the requirements of state law.

| | Category | | | Bank | Market |
|--------------|-----------|----------|-----|-----------|--------|
| | 1 | 2 | 3 | Balance | Value |
| Cash in bank | \$153,422 | \$99,094 | \$0 | \$225,289 | \$0 |

3. RESTRICTED ASSETS

Restricted assets are comprised of cash in a trust fund of \$6381, on December 31, 1999 in the Proprietary Fund - Enterprise for the repayment of customer deposits when needed.

4. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of the interfund receivables and payables at December 31, 1999:

| | Due From | Due To |
|--------------------|-------------|-----------|
| General Fund | \$2,196 | \$236 |
| Water Utility Fund | 236 | 2,196 |
| Total | \$2,432 | \$2,432 |

5. CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

Village of Quitman
Notes to the Financial Statements
For the Year Ended December 31, 1999

| | <u>Balance</u> <u>1/1/99</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/99</u> |
|-----------|---------------------------------|------------------|------------------|-----------------------------------|
| Land | \$13,000 | | | \$13,000 |
| Building | 23,474 | | | 23,474 |
| Equipment | 19,642 | | | 19,642 |
| Total | <u>\$56,116</u> | <u>\$0</u> | <u>\$0</u> | <u>\$56,116</u> |

A summary of the changes in proprietary fund type enterprise fund fixed assets follows:

| | <u>Balance</u> <u>1/1/99</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/99</u> |
|-------------------------------|---------------------------------|-------------------|------------------|-----------------------------------|
| Water system | \$88,373 | | | \$88,373 |
| Sewer system | 750,000 | | | 750,000 |
| Sewer system improvement | 15,000 | | | 15,000 |
| Office equipment | 3,924 | 2,337 | | 6,261 |
| Subtotal | 857,297 | 2,337 | 0 | 859,634 |
| Less accumulated depreciation | (245,149) | (25,817) | | (270,966) |
| Total | <u>\$612,148</u> | <u>(\$23,480)</u> | <u>\$0</u> | <u>\$588,668</u> |

6. CHANGES IN LONG-TERM DEBT

The Village of Quitman has no long-term debt transactions for the year ended December 31, 1999.

7. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 1999, the Village of Quitman had no litigation pending against them. Amounts received are receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become liability or the general fund or other applicable funds

8. PER DIEM PAYMENTS TO MAYOR & ALDERMEN

| | |
|--------------------|----------------|
| Mr. Deloy Warren | \$1,500 |
| Mr. Dan Gilbert | 900 |
| Mr. Michael Thrift | 900 |
| Ms. Nancy Edmiston | 900 |
| Total | <u>\$4,200</u> |

Village of Quitman
Notes to the Financial Statements
For the Year Ended December 31, 1999

9. YEAR 2000 COMPUTERS SYSTEM COMPLIANCE

The management of Village of Quitman has reviewed the software systems and related applications used to assess its requirements regarding the "Year 2000 Issue" which, if unresolved, could have a significant impact on the Village's operations. The Village has made and will continue to make the expenditures necessary to ensure that its software systems and applications continue to function properly before, during, and after the year 2000. These expenditures, which are expensed as incurred, have not been and are not expected to be material to the Village's financial position or results of operations.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Village of Quitman, 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 Quitman and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluation management's assertions about Village of Quitman's compliance with certain laws and regulations during the year ended December 31, 1999 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. 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 material and supplies exceeding \$15,000, 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 materials and supplies exceeding \$15,000, and no expenditures were made for public works exceeding \$100,000. I examined each cash disbursement record which indicated no purchases which would require public bidding requirements.

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 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 in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Management provided me with a copy of the original budget.

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

A reading of the minutes showed the budget being approved by the Board of Aldermen.

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

The actual expenditures exceeded the budgeted expenditures by \$26,704 for the Utility Fund.

The budgeted revenue exceeded actual revenue by \$3,437 or 15.1% of the General Fund.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

a) traced payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that for one of the six disbursements in the Utility fund there was no support.

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

All six payments were properly coded to the correct fund or general ledger account.

c) determine whether payments received approval from proper authorities.

A reading of the minutes indicated approval from the board of aldermen for all monthly bills.

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).

Village of Quitman is only required to post a notice of each meeting and the accompanying agenda on the door of the village hall building. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

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 copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

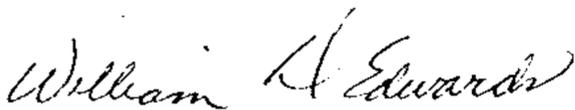
Advances and Bonuses

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

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

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 Quitman, 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. However, this report is a matter of public record and its distribution is not limited.



William D. Edwards, CPA

June 16, 2000

VILLAGE OF QUITMAN
SUMMARY OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1999

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Village of Quitman

**P. O. Box 35
Quitman, LA 71268**

CORRECTIVE ACTION PLAN For the Year Ended December 31, 1999

Village of Quitman hereby submits the following corrective action plan regarding the findings in the attestation for the year ending December 31, 1999.

99-1. Lack of support for disbursements

Recommendation: The village should maintain support for all disbursements.

Response: The village will maintain better records for all future disbursements commencing immediately.

99-2. Actual expenditures exceeded budgeted expenditures by more than 5%.

Recommendation: The village should analyze interim budget and actual comparisons and amend the budget as needed.

Response: The village will amend the budget as needed for extraordinary items.