

Village of Quitman  
Quitman, Louisiana

Annual Financial Report

As of and For the Year Ended  
December 31, 2020  
with Supplemental Information Schedules

**KENNETH D. FOLDEN & CO.**

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Village of Quitman  
Annual Financial Statements

As of and for the year ended December 31, 2020  
with Supplemental Information Schedules

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**Independent Accountant's Review Report**

Village of Quitman  
Quitman, Louisiana

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, 2020, and the related notes to the financial statements, which collectively comprise the Village of Quitman's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

***Accountant's Responsibility***

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

***Accountant's Conclusion***

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 accordance with accounting principles generally accepted in the United States of America.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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.

## **Other Information**

Act 706 of the Louisiana 2014 Legislative Session requires the Schedule of Compensation, Benefits, and Other Payments to Agency Head, as listed in the table of contents, to supplement the basic financial statements. The Schedule of Paid Aldermen is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, although not a required part of the basic financial statements, is required by Louisiana state law which 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. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December 23, 2021 on the results of our agreed-upon procedures.

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana  
December 23, 2021

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Village of Quitman  
Quitman, Louisiana

Statement of Net Position  
As of December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 45,209	\$ 72,825	\$ 118,034
Investments	27,276	43,638	70,914
Accounts receivable	6,222	20,228	26,450
Cash and equivalents - restricted	-	81,885	81,885
Capital assets (net of accumulated depreciation)	259,805	1,741,406	2,001,211
<b>Total Assets</b>	<u>338,512</u>	<u>1,959,982</u>	<u>2,298,494</u>
<b>Liabilities</b>			
Accounts payable	8,014	9,715	17,729
Payroll liabilities	-	142	142
Cash overdraft	-	286	286
Customer meter deposits	-	15,135	15,135
Long-term liability - current portion	-	37,135	37,135
Long-term liability - accrued interest	-	13,348	13,348
Long-term liability - noncurrent portion	-	496,981	496,981
<b>Total Liabilities</b>	<u>8,014</u>	<u>572,742</u>	<u>580,756</u>
<b>Net Position</b>			
Net investment in capital assets	259,805	1,244,426	1,504,231
Unrestricted	70,694	142,815	213,509
<b>Total Net Position</b>	<u>\$ 330,499</u>	<u>\$ 1,387,241</u>	<u>\$ 1,717,740</u>

The accompanying notes are an integral part of these financial statements.



Village of Quitman  
Quitman, Louisiana

Statement of Activities  
For the Year Ended December 31, 2020

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 59,685	\$ -	\$ -	\$ (59,685)	\$ -	(59,685)
Police	2,246	6,751	-	4,505	-	4,505
Highways and streets	60	-	25,157	25,097	-	25,097
Total governmental activities	61,991	6,751	25,157	(30,083)	-	(30,083)
Business-type activities						
Water and sewer	307,898	180,223	635	174,701	47,661	47,661
Total primary government	\$ 369,889	\$ 186,974	\$ 25,792	\$ 174,701	(30,083)	47,661
<u>General Revenues</u>						
Taxes:						
Franchise taxes				4,907	-	4,907
Licenses				31,365	-	31,365
Intergovernmental				3,734	-	3,734
Investment earnings				342	548	890
Rental income				360	-	360
Other revenue				-	3,619	3,619
Operating transfers				(96,197)	96,197	-
Total general revenues and transfers				(55,489)	100,364	44,875
Change in net position				(85,572)	148,025	62,453
Net position - December 31, 2019				416,070	1,239,217	1,655,287
Net position - December 31, 2020				\$ 330,498	\$ 1,387,242	\$ 1,717,740

The accompanying notes are an integral part of these financial statements.

# **FUND FINANCIAL STATEMENTS**

Village of Quitman  
Quitman, Louisiana

Balance Sheet - Governmental Funds  
As of December 31, 2020

	General Fund
<b>Assets</b>	
Cash and equivalents	\$ 45,209
Investments	27,276
Accounts receivable	6,222
<b>Total Assets</b>	<u>\$ 78,707</u>
<b>Liabilities &amp; Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 8,014
<b>Total Liabilities</b>	<u>8,014</u>
Fund balances:	
Unassigned, reported in:	
General revenue fund	70,694
<b>Total Fund Balances</b>	<u>70,694</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 78,708</u>

The accompanying notes are an integral part of these financial statements.

Village of Quitman  
Quitman, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
As of December 31, 2020

Total Fund Balances at December 31, 2020 - Governmental Funds (Statement C)	\$	70,694
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		<u>259,805</u>
Net Position at December 31, 2020	\$	<u><u>330,499</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Quitman  
Quitman, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Year Ended December 31, 2020

	General Fund
<b>Revenues</b>	
Taxes:	
Franchise tax	4,907
Licenses and permits	31,365
Operating grant	25,157
Intergovernmental	3,734
Fines, forfeitures, and court costs	6,751
Rent, royalty, and commission	360
<b>Total revenues</b>	72,274
<b>Expenditures</b>	
Current:	
General government	44,640
Public safety	
Police	2,246
Streets	60
Capital outlay	6,900
<b>Total expenditures</b>	53,846
<b>Excess (deficiency) of revenues over (under) expenditures</b>	18,428
<b>Other financing sources (uses)</b>	
Interest earnings	342
Operating transfers	(96,197)
<b>Total other financing sources (uses)</b>	(95,855)
<b>Net changes in fund balances</b>	(77,427)
<b>Fund balances - December 31, 2019</b>	148,120
<b>Fund balances - December 31, 2020</b>	\$ 70,693

The accompanying notes are an integral part of these financial statements.

Village of Quitman  
Quitman, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Funds Balances to the Statement of Activities  
For the Year Ended December 31, 2020

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(77,426)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(15,045)
Capital outlay		<u>6,900</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>(85,571)</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Quitman  
Quitman, Louisiana

Statement of Net Position - Proprietary Fund  
As of December 31, 2020

	Water & Sewer Fund
<b>Assets</b>	
Current Assets:	
Cash and equivalents	\$ 72,825
Investments	43,638
Accounts receivable	20,228
Total Current Assets	136,691
Noncurrent Assets:	
Cash and equivalents - restricted	81,885
Capital assets (net of accumulated depreciation)	1,741,406
Total Noncurrent Assets	1,823,291
<b>Total Assets</b>	<b>1,959,982</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	9,715
Payroll liabilities	142
Cash overdraft	286
Long-term liability - current portion	37,135
Long-term liability - accrued interest	13,348
Total Current Liabilities	60,626
Current liabilities payable from restricted assets	
Customer meter deposits	15,135
Non-Current Liabilities:	
Long-term liability - noncurrent portion	496,981
Total Non-Current Liabilities	496,981
<b>Total Liabilities</b>	<b>572,742</b>
<b>Net Position</b>	
Net investment in capital assets	1,244,426
Unrestricted	142,815
<b>Total Net Position</b>	<b>\$ 1,387,241</b>

The accompanying notes are an integral part of these financial statements.

Village of Quitman  
Quitman, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended December 31, 2020

	Water & Sewer Fund
<b>Operating Revenues</b>	
Water sales	\$ 167,803
Sewer fees	12,420
Operating grant	635
Miscellaneous income	3,619
Total operating revenues	184,477
<b>Operating Expenses</b>	
Personnel services	44,685
Supplies	7,739
Repairs and maintenance	38,504
Contractual services	23,414
Miscellaneous	36,431
Depreciation	148,122
Total operating expenses	298,895
<b>Operating Income (Loss)</b>	(114,418)
<b>Non-operating Revenues (Expenses)</b>	
Interest earnings	548
Interest expense	(9,003)
Capital grant	174,701
Total non-operating revenues (expenses)	166,246
<b>Income (loss) before transfers</b>	51,828
<b>Operating transfers</b>	96,197
<b>Change in net position</b>	148,025
<b>Total Net Position - December 31, 2019</b>	1,239,217
<b>Total Net Position - December 31, 2020</b>	\$ 1,387,242

The accompanying notes are an integral part of these financial statements.



Village of Quitman  
Quitman, Louisiana

Statement of Cash Flows - Proprietary Fund  
For the Year Ended December 31, 2020

	Water & Sewer Fund
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 182,413
Cash payments to suppliers for goods and services	(118,481)
Cash payments to employees	(33,699)
Net cash provided by (used for) operating activities	30,233
<b>Cash flows from non-capital financing</b>	
Transfers from other funds	96,197
Net cash provided by (used for) non-capital financing activities	96,197
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(253,263)
Principal paid on capital debt	(35,954)
New borrowings on capital assets	-
Capital grant	174,701
Net cash provided by (used for) capital and related financing activities	(114,517)
<b>Cash flows from investing activities</b>	
Other income	(176)
Interest earnings	548
Net cash provided by (used for) investing activities	372
<b>Net increase (decrease) in cash and cash equivalents</b>	12,285
<b>Cash and cash equivalents - December 31, 2019</b>	142,425
<b>Cash and cash equivalents - December 31, 2020</b>	\$ 154,710
<b>Reconciliation of operating income to net provided by operating activities</b>	
Operating income	\$ (123,422)
Adjustments	
Depreciation	148,122
Net changes in assets and liabilities	
Accounts receivable	(1,429)
Customers' meter deposits	1,275
Accounts payable	7,034
Payroll liabilities	(30)
Interest payable	(1,317)
Net cash provided for (used for) operating activities	\$ 30,233

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE  
FINANCIAL STATEMENTS**

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**INTRODUCTION**

The Village of Quitman, Louisiana was incorporated in 1901 under the Louisiana Revised Statutes 33:52. The Village consists of 190 citizens. The Village operates under the Mayor-Board of Alderman form of government. The Board of Aldermen consists of three members who are elected. The Village is located in North Louisiana in Jackson Parish.

The Village employs a village clerk, chief of police, and water and sewer superintendent as part-time employees.

The Village provides the following services to its residents: public safety (police and fire), highways and streets, parks and recreation, and general administrative services through the general fund; and water and sewer facilities through the enterprise fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. The Village applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the Village's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

**B. Reporting Entity**

GASB Statement No. 14, The Financial 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 general purpose local 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, 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.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Village for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - i. The ability of the government to impose its will on that organization and/or
  - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

Village of Quitman  
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2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Village of Quitman.

**C. Government-Wide Financial Statements**

The Village's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Village. Fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village of Quitman's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Village's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Direct Expenses - The Village reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Village reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**D. Fund Financial Statements**

The accounts of the Village of Quitman are organized on the basis of funds, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Village are classified into two categories: governmental and proprietary.

*Governmental Funds*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Village has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Village of Quitman reports the following major governmental funds:

General Fund - The primary operating fund of the Village, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Village policy.

Revenues

The governmental funds use the following practices in recording revenues:

Village of Quitman  
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Notes to the Financial Statements  
As of and for the year ended December 31, 2020

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

*Proprietary Funds*

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Village of Quitman  
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Notes to the Financial Statements  
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The Enterprise Fund of the Village of Quitman is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Village for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**E. Equity Classifications**

The Village of Quitman has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Village did not have any nonspendable funds for the year ended December 31, 2020.

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted funds for the year ended December 31, 2020.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Village did not have any committed funds for the year ended December 31, 2020.

**Assigned:** This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Village did not have any assigned funds.

**Unassigned:** This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Village has \$70,694 of unassigned funds in the General Fund.

The Village would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

## **F. Budgets**

The Village adopted a budget for the year ended December 31, 2020 for the General Fund. The Village uses 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 was one amendment to the original General Fund budget.

The 2020 General Fund budget was made available for public inspection. On December 3, 2019, the budget was adopted by the Mayor and Board of Aldermen. The budget was legally amended on December 1, 2020.



Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**G. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Quitman may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Village may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Village reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

**H. Investments**

The Village of Quitman's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Village may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Village may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the Village reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**I. Interfund Receivables and Payables**

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between 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 Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**J. Inventories**

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

**K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment 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.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

Description	Estimated Lives
Water and sewer lines	40 years
Buildings and building improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

**L. Deferred Outflows of Resources**

The Village reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village reported no deferred outflows of resources.

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**M. Deferred Inflows of Resources**

The Village reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village will not recognize the related revenues until a future event occurs. The Village reported no deferred inflows of resources.

**N. Interfund Transactions**

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**O. 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.

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**2. Cash, Cash Equivalents, and Investments**

At December 31, 2020, the Village had cash and cash equivalents (book balances) totaling \$199,919, including interest bearing demand deposits of \$199,632 and \$287 cash on hand. 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.

At December 31, 2020, the Village had investments (book balances) totaling \$70,914.

At December 31, 2020, the Village had \$352,469 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 federal deposit insurance, and the rest is unsecured.

Cash and investments are categorized to give an indication of the level of risk assumed by the Village at December 31, 2020. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Village of Quitman has cash and cash equivalents that are covered by \$250,000 of federal depository insurance and \$0 in pledged securities.

**3. Receivables**

The receivables of \$26,450 at December 31, 2020, are as follows:

	Fund		Total
	General	Enterprise	
Accounts	\$ 6,222	\$ 20,228	\$ 26,450
Allowance for uncollectible accounts	-	-	-
Total	<u>\$ 6,222</u>	<u>\$ 20,228</u>	<u>\$ 26,450</u>

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**4. Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2020, is as follows:

*A. Capital Assets - Governmental Activities*

	Balance, January 01, 2020	Additions	Deletions	Balance, December 31, 2020
Capital assets not being depreciated				
Land	\$ 18,000	\$ -	\$ -	\$ 18,000
Total capital assets not being depreciated	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Capital assets being depreciated				
Buildings	7,891	-	-	7,891
Infrastructure - Streets	319,474	-	-	319,474
Machinery and equipment	144,710	6,900	-	151,610
Vehicles	2,190	-	-	2,190
Total capital assets being depreciated	<u>474,265</u>	<u>6,900</u>	<u>-</u>	<u>481,165</u>
Less accumulated depreciation				
Buildings	2,628	316	-	2,943
Infrastructure - Streets	103,702	7,987	-	111,689
Machinery and equipment	115,796	6,742	-	122,538
Vehicles	2,190	-	-	2,190
Total accumulated depreciation	<u>224,315</u>	<u>15,045</u>	<u>-</u>	<u>239,360</u>
Capital assets, net	<u>249,950</u>	<u>(8,145)</u>	<u>-</u>	<u>241,805</u>
Governmental capital assets - net	<u>\$ 267,950</u>	<u>\$ (8,145)</u>	<u>\$ -</u>	<u>\$ 259,805</u>

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

*B. Capital Assets - Proprietary Funds*

	Balance, January 01, 2020	Additions	Deletions	Balance, December 31, 2020
Capital assets not depreciated				
Construction in Progress	\$ 422,985	\$ 249,894	\$ -	\$ 672,880
Total capital assets not being depreciated	<u>422,985</u>	<u>249,894</u>	<u>-</u>	<u>672,880</u>
Capital assets being depreciated				
Buildings	8,500	-	-	8,500
Sewer system	765,000	-	-	765,000
Water system	2,725,804	-	-	2,725,804
Machinery and equipment	71,337	3,369	-	74,706
Total capital assets being depreciated	<u>3,570,641</u>	<u>3,369</u>	<u>-</u>	<u>3,574,010</u>
Less accumulated depreciation				
Buildings	5,525	425	-	5,950
Sewer system	674,091	22,727	-	696,818
Water system	1,608,967	123,320	-	1,732,287
Machinery and equipment	68,779	1,649	-	70,428
Total accumulated depreciation	<u>2,357,362</u>	<u>148,122</u>	<u>-</u>	<u>2,505,483</u>
Capital assets, net	<u>1,213,279</u>	<u>(144,753)</u>	<u>-</u>	<u>1,068,527</u>
Business-type activities capital assets - net	<u>\$ 1,636,264</u>	<u>\$ 105,141</u>	<u>\$ -</u>	<u>\$ 1,741,407</u>

**5. Payables**

The payables of \$18,157 at December 31, 2020, are as follows:

	Fund		
	General	Enterprise	Total
Accounts	\$ 8,014	\$ 9,715	\$ 17,729
Payroll liabilities	-	142	142
Cash overdraft	-	286	286
Total	<u>\$ 8,014</u>	<u>\$ 10,143</u>	<u>\$ 18,157</u>

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**6. Long-Term Obligations**

The Village of Quitman entered into loan agreements with the Jackson Parish Bank and the Louisiana Public Facilities Authority to upgrade the Wastewater Treatment system. These loans are considered grant anticipation loans, meaning the loans will be paid off with grant funds from the Federal Emergency Management Agency once the work is complete. The maturity on these loans was first set for June 30, 2020, but has been extended to June 30, 2021. The following is a summary of the long-term obligation transactions for the year ended December 31, 2020:

Long-term Obligation	Balance, January 01, 2020	Additions	Deletions	Balance, December 31, 2020
DHH Loan 1049014	\$ 129,000	\$ -	\$ 30,500	\$ 98,500
USDA Loan	241,362	-	5,454	235,908
Jackson Parish Bank	149,916	-	-	149,916
Louisiana Public Facilities Authority	49,792	-	-	49,792
Total	<u>\$ 570,070</u>	<u>\$ -</u>	<u>\$ 35,954</u>	<u>\$ 534,116</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, 2020:

Long-term Obligation	Current Portion	Long-term Portion	Total
DHH Loan 1049014	\$ 31,500	\$ 67,000	\$ 98,500
USDA Loan	5,635	230,273	235,908
Jackson Parish Bank	-	149,916	149,916
Louisiana Public Facilities Authority	-	49,792	49,792
Total	<u>\$ 37,135</u>	<u>\$ 496,981</u>	<u>\$ 534,116</u>

The following is a summary of the loan payments for the DHH Loan.

Year ending December 31:	Principal	Interest	Total
2021	31,500	2,855	34,355
2022	33,000	1,742	34,742
2023	34,000	587	34,587
Total	<u>\$ 98,500</u>	<u>\$ 5,184</u>	<u>\$ 103,684</u>

Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

The following is a summary of the loan payments for the USDA Loan.

Year ending December 31:	Principal	Interest	Total
2021	5,635	10,493	16,128
2022	5,894	10,234	16,128
2023	6,164	9,964	16,128
2024	6,448	9,680	16,128
2025	6,744	9,384	16,128
2026-2030	38,661	41,979	80,640
2031-2035	48,396	32,244	80,640
2036-2040	60,582	20,058	80,640
2041-2044	57,385	5,439	62,824
Total	<u>\$ 235,908</u>	<u>\$ 149,477</u>	<u>\$ 385,384</u>

**7. Retirement Systems**

The Mayor and Board of Aldermen of the Village of Quitman voted in regular session to withdraw from all municipal retirement programs in which they had previously participated. They also voted to withdraw from participation in any group health or other medical employment benefits. The Village withholds Social Security and Medicare taxes from the wages and salaries of all employees and is obligated for the matching employer contribution for the taxes.

**8. Related Party Transactions**

The Village of Quitman had no related party transactions for the year ended December 31, 2020.

**9. Grants**

Entity	Department	Operating Amount	Capital Amount	Description of Use
Federal Emergency Management Agency	General	\$ 18,257		Road repairs
Federal Emergency Management Agency	Water		174,701	Wastewater treatment facility
Louisiana Government Assistance Program	General	6,900		Mower
Clean Water Enrichment Fund	Water	635		Water meters
Total		<u>\$ 25,791</u>	<u>\$ 174,701</u>	



Village of Quitman  
Quitman, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2020

**10. Risk Management**

The Village is exposed to various risk of loss related to torts, thefts 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 automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Village maintains a general liability policy and an errors and omissions policy. During the past three years, no claims were paid on any of the policies which exceeded the policies' coverage amount.

**11. Litigation and Claims**

At December 31, 2020, the Village was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 23, 2021, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

Village of Quitman  
Quitman, Louisiana

Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2020

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Taxes:				
Franchise tax	\$ 4,000	\$ 4,354	\$ 4,907	\$ 553
Licenses and permits	23,800	28,424	31,365	2,941
Operating grant	45,000	1,061,969	25,157	(1,036,812)
Intergovernmental	-	6,750	3,734	(3,016)
Fines, forfeitures, and court costs	19,000	7,365	6,751	(614)
Rent, royalty, and commission	250	175	360	185
Miscellaneous	12,250	717	-	(717)
<b>Total revenues</b>	<u>104,300</u>	<u>1,109,754</u>	<u>72,274</u>	<u>(1,037,480)</u>
<b>Expenditures</b>				
Current:				
General government	88,900	45,181	44,640	541
Public safety				
Police	5,700	2,222	2,246	(24)
Streets	-	-	60	(60)
Capital outlay	-	1,088,969	6,900	1,082,069
<b>Total expenditures</b>	<u>94,600</u>	<u>1,136,372</u>	<u>53,846</u>	<u>1,082,526</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>9,700</u>	<u>(26,618)</u>	<u>18,428</u>	<u>45,046</u>
<b>Other financing sources (uses)</b>				
Interest earnings	-	-	342	342
Operating transfers	-	4,728	(96,197)	(100,925)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>4,728</u>	<u>(95,855)</u>	<u>(100,583)</u>
<b>Net changes in fund balances</b>	<u>9,700</u>	<u>(21,890)</u>	<u>(77,427)</u>	<u>(55,537)</u>
<b>Fund balances - December 31, 2019</b>	<u>148,120</u>	<u>148,120</u>	<u>148,120</u>	<u>-</u>
<b>Fund balances - December 31, 2020</b>	<u>\$ 157,820</u>	<u>\$ 126,230</u>	<u>\$ 70,693</u>	<u>\$ (55,537)</u>

The accompanying notes are an integral part of these financial statements.

# **SUPPLEMENTAL INFORMATION**

Village of Quitman  
Quitman, LouisianaSchedule of Compensation Paid Aldermen  
For the year ended December 31, 2020

	<b>2020</b>
Brian Burns	\$ 1,500
Kristi Greer	1,500
James Trull	1,500
	<hr/>
	\$ 4,500
	<hr/> <hr/>

Village of Quitman  
Quitman, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended December 31, 2020

	Joe Vail	
	Mayor	
Salary	\$	<u>10,800</u>
	\$	<u>10,800</u>



## KENNETH D. FOLDEN & CO.

Certified Public Accountants

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Alayna C. Huckaby, CPA  
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### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

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 of Quitman's compliance with certain laws and regulations during the year ended December 31, 2020 included in the accompanying Louisiana Attestation Questionnaire. Management of the Village of Quitman is responsible for its financial records and compliance with applicable laws and regulations. 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, 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 \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The Village had no expenditures more than \$30,000 for materials and supplies and no expenditures over \$150,000 for public works.

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

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the 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 payroll records that listed all employed during the review period.

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.

The names of the employees provided by management in procedure (3) did not appear on the listing provided by management in procedure (2).

### **Budgeting**

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

Management provided us with a copy of the original budget. The budget was amended once in the fiscal year, and a copy of the amended budget was provided.

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

We traced the adoption of the original budget, for the year ended December 31, 2020, to the minutes of a meeting held on December 3, 2019, which indicated that the budget had been approved by the Board of Aldermen. The December 31, 2020 budget was amended and approved by all the Board of Aldermen at the monthly meeting held December 1, 2020.

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.

We compared the revenues and expenditures of the final budgets to actual revenues and expenditures. Actual revenues were less than budgeted revenues by more than 5%. Actual expenditures were less than budgeted expenditures. However, the Village amended their budget during the year, so there is no violation of law.

### **Accounting and Reporting**

8. Randomly select six 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 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

The six selected disbursements were properly coded to the correct fund and general ledger account.

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

The six selected disbursements were traced to the Village's meeting minutes where they were approved by the Aldermen.

### **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 of Quitman posts a notice of each meeting in the local newspaper, the official journal of the Village, and the Village posts notice of the meeting on the front door of the Village Hall.



## **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.

We 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.

We noted no instances which would indicate payments to employees which would constitute bonuses, advances, 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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kenneth D. Felden & Co., CPAs*

Jonesboro, Louisiana  
December 23, 2021

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

11/2/2021 (Date Transmitted)

Kenneth D. Folden & Co., CPAs  
302 Eighth Street  
Jonesboro, LA 71251

In connection with your audit of our financial statements as of December 31, 2020 and for 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  
11/2/2021 (date completed/date of the 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 did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes (✓) No ( )

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

Yes (✓) No ( )

**Meetings**

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

Yes (✓) No ( )

**Debt**

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

Yes (✓) No ( )

**Advances and Bonuses**

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

Yes (✓) No ( )

**Prior-Year Comments**

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

Yes (✓) No ( )

**General**

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

Yes (✓) No ( )

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

Yes (✓) No ( )

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

Yes (✓) No ( )

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

Yes (✓) No ( )

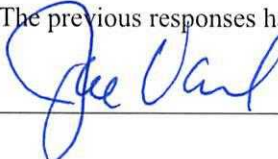
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes (✓) No ( )

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

Yes (✓) No ( )

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

 \_\_\_\_\_ Management 11/2/2021 \_\_\_\_\_ Date

\_\_\_\_\_ Governance \_\_\_\_\_ Date



KENNETH D. FOLDEN & CO.

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December 23, 2021

Mayor Joe Vail  
And Board of Aldermen  
Village of Quitman  
Post Office Box 35  
Quitman, Louisiana

RE: Management Letter  
Review Report – For the Year Ended December 31, 2020

Dear Mayor Vail:

We have performed our review of the Village of Quitman. As part of those procedures, we have the following information to report to you.

- 1) The Village of Quitman did not secure collected balances over \$250,000 during the audit period. Louisiana Revised Statute 39:1211-45 requires, in part, that public funds be secured on hundred percent of the amount of collected funds on deposits. These collected balances can be secured by any governmental agency insuring bank deposits (such as FDIC) or those securities outlined in RS 39:1224. The governmental agency is responsible for ensuring that its financial institution secures the collected balances with either insurance or pledged securities or some combination of the two.

**Management's Response:** The Village of Quitman will adopt a policy to review the total collected balances periodically to ensure that the collected balances are wholly secured by insurance and other pledged securities.

- 2) The Village of Quitman failed to submit their annual financial statements to the legislative auditor within six months of the close of the fiscal year. Louisiana Revised Statutes 33:463 requires a copy of the annual financial statement to be transmitted to the legislative auditor within six months of the close of the fiscal year.

Management's Response: The Village of Quitman will adopt a policy to ensure that the financial statements are submitted to the legislative auditor timely.

Sincerely,

*Kenneth D. Folden & Co., CPAs*

Kenneth D. Folden & Co., CPAs