

Village of Quitman  
Quitman, Louisiana

Annual Financial Statements  
As of December 31, 2016 and for the Year Then Ended

Village of Quitman

Annual Financial Statements  
As of and for the Year Ended December 31, 2016  
With Supplemental Information Schedules

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Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2016

The management of the Village of Quitman, Louisiana offers readers of the Village of Quitman, Louisiana's (Village) financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2016. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Village's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

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

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

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

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

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

Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2016

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

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

**Government-wide Financial Analysis**

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Village's assets exceeded its liabilities by \$1,641,137 (net position); this represents a decrease of \$81,361 from the last fiscal year. Of this total net asset amount, \$161,165 is unrestricted net position. The Village's net position are comprised of \$240,397 from governmental activities and \$1,400,740 from business-type activities.

The following is a condensed statement of the Village of Quitman's net position as of December 31, 2016:

	Governmental- Type Activities	Business-Type Activities	Total
<b>Assets</b>			
Current & Other Assets	(\$69,625)	\$270,623	\$200,998
Capital Assets (net)	314,436	1,634,646	1,949,082
<b>Total Assets</b>	<b>\$244,811</b>	<b>\$1,905,269</b>	<b>\$2,150,080</b>
<b>Liabilities</b>			
Other Liabilities	\$3,239	\$67,128	\$70,367
Long-term Liabilities	0	437,401	437,401
<b>Total Liabilities</b>	<b>3,239</b>	<b>504,529</b>	<b>507,768</b>
<b>Net Position</b>			
Invested in capital assets, net	314,436	1,165,536	1,479,972
Unrestricted	(74,039)	235,204	161,165
<b>Total Net Position</b>	<b>\$240,397</b>	<b>\$1,400,740</b>	<b>\$1,641,137</b>

By far the largest portion of the Village's net position \$1,479,972 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Village infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2016

The remaining balance of \$161,165 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

The Village has total outstanding debt of \$507,768, which was used to finance some of the \$4,034,651 capital assets. Total liabilities of \$507,768 are equal to 31% of the total net position.

The following is a summary of the statement of activities:

	Governmental- Type Activities	Business-Type Activities	Total	2015
Revenue				
Program Revenue	\$3,547	\$236,356	\$239,903	\$358,022
General Revenue & Transfers	32,954	1,696	34,650	30,832
Total Revenue	<u>36,501</u>	<u>238,052</u>	<u>274,553</u>	<u>388,854</u>
Expenses				
General & Administrative	57,348	3,969	61,317	51,966
Public Safety	3,360	0	3,360	6,269
Utilities		123,452	123,452	263,198
Depreciation	17,485	150,300	167,785	21,674
Total Expenses	<u>78,193</u>	<u>277,721</u>	<u>355,914</u>	<u>343,107</u>
Increase (Decrease) in Net Position	(41,692)	(39,669)	(81,361)	45,747
Net Position, Beginning	282,089	1,440,409	1,722,498	1,676,751
Prior period adjustment	0	0	0	0
Net Position, Ending	<u>\$240,397</u>	<u>\$1,400,740</u>	<u>\$1,641,137</u>	<u>\$1,722,498</u>

### Governmental Activities

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

### Business-type Activities

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

Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2016

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

	<u>Operating Revenues Net of Purchases</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended December 31, 2015	168,061	13,410	\$181,471
Fiscal year ended December 31, 2016	<u>153,217</u>	<u>14,195</u>	<u>167,412</u>
Increase (decrease) between years	<u>(\$14,844)</u>	<u>\$785</u>	<u>(\$14,059)</u>
	<u>Operating Expenses</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended December 31, 2015	\$225,942	\$17,006	\$242,948
Fiscal year ended December 31, 2016	<u>241,250</u>	<u>18,049</u>	<u>259,299</u>
Increase (decrease) between years	<u>\$15,308</u>	<u>\$1,043</u>	<u>\$16,351</u>
	<u>Net Income (Loss) From Operations</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended December 31, 2015	(57,881)	(3,596)	(61,477)
Fiscal year ended December 31, 2016	<u>(88,033)</u>	<u>(3,854)</u>	<u>(91,887)</u>
Increase (decrease) between years	<u>(\$30,152)</u>	<u>(\$258)</u>	<u>(\$30,410)</u>

The reasons for major fluctuations noted above are as follows:

A decrease in revenues and increase in expenses during the year resulted in a negative change in net income from operations of \$30,410.

**Fund Financial Statements - Governmental Funds**

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

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

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

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Management Discussion and Analysis  
December 31, 2016

Financial Analysis of the Village's Governmental Fund

The Village of Quitman's governmental fund (General Fund) reported an ending fund balance of negative \$4,274, which is an increase of \$48,398. This increase is caused by a 17% decrease in revenue from the previous year, while expenditures decreased slightly. The main decrease in revenue was in grants. Also there was a prior period adjustment for \$59,117.

**Fund Financial Statements - Proprietary Funds**

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

Financial Analysis of the Village's Proprietary Fund

The Village's proprietary fund shows a decrease in ending net position of \$53,156. The 2016 operating losses of the Water and Sewer Departments totaling \$91,886 represents a decrease of \$30,410 from fiscal year 2015.

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

General Fund Budgetary Highlights

The Village amended their original General Fund budget once during the course of the year.

The final budgeted revenues and other sources and the actual results differ by a negative \$5,638 or 10%. Actual expenditures exceeded budgeted expenditures by \$9,800 or 19%.

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2016 is \$1,479,972.

The capital assets purchased in fiscal 2016 for governmental activities was various equipment; additionally, the Utility fund purchased various equipment and continued construction in progress.



Village of Quitman, Louisiana  
Management Discussion and Analysis  
December 31, 2016

Current Financial Factors

The Village is not currently working on any projects.

Requests for Information

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

# WADE & PERRY

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

## Independent Accountant's Review Report

The Honorable Joe Vail, Mayor  
and Members of the Board of Aldermen  
Village of Quitman, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Quitman, as of and for the year ended December 31, 2016, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village. 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.

The management of the Village is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

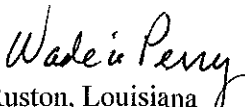
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 30 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The other supplementary schedules and other information, as listed in the table of contents are presented for purposes of additional analysis and are not

a required part of the basic financial statements. The other supplementary information and other information, as listed in the table of contents, have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly we do not express an opinion or provide any assurance on it.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 13, 2017, on the results of our agreed-upon procedures.

  
Ruston, Louisiana  
June 13, 2017

Village of Quitman, Louisiana  
Statement of Net Position  
December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash investments	\$36,283	\$116,158	\$152,441
Receivables	1,492	21,418	22,910
Internal balances	(35,970)	35,970	0
Restricted assets		21,020	21,020
Inventory		3,452	3,452
Capital assets (net)	314,436	1,634,646	1,949,082
TOTAL ASSETS	<u>\$316,241</u>	<u>\$1,832,664</u>	<u>\$2,148,905</u>
Deferred outflows of resources	0	0	0
LIABILITIES			
Accounts, salaries, and other payables	\$3,239	\$13,268	\$16,507
Current loans and interest payable		32,839	32,839
Liabilities payable from restricted assets		21,020	21,020
Loans payable		437,401	437,401
TOTAL LIABILITIES	<u>3,239</u>	<u>504,528</u>	<u>507,767</u>
Deferred inflows of resources	0	0	0
NET POSITION			
Net investment in capital assets	314,436	1,165,537	1,479,973
Unrestricted	(1,434)	162,599	161,165
TOTAL NET POSITION	<u>\$313,002</u>	<u>\$1,328,136</u>	<u>\$1,641,138</u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
Statement of Activities  
Year Ended December 31, 2016

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General government	\$57,348			\$3,547	(\$53,801)	(\$53,801)
Public safety	3,360				(3,360)	(\$3,360)
Depreciation	17,485				(17,485)	(17,485)
Total governmental activities	<u>78,193</u>	<u>0</u>	<u>0</u>	<u>3,547</u>	<u>(74,646)</u>	<u>(74,646)</u>
Business-type activities						
Utilities	277,720	165,912		70,444	(41,364)	(41,364)
Total business-type activities	<u>277,720</u>	<u>165,912</u>	<u>0</u>	<u>70,444</u>	<u>0</u>	<u>(41,364)</u>
Total primary government	<u>\$355,913</u>	<u>\$165,912</u>	<u>\$0</u>	<u>\$73,991</u>	<u>(\$74,646)</u>	<u>(\$116,010)</u>
General revenues:						
Franchise fees					3,957	3,957
Licenses and permits					19,883	19,883
Use of money and property					520	196
Other general revenues					8,594	1,500
Operating transfers net					13,488	(13,488)
Total general revenues and transfers					<u>46,442</u>	<u>(11,792)</u>
Change in Net Position					(28,204)	(53,156)
Net Position - beginning					282,089	1,440,409
Prior period adjustment					59,117	(59,117)
Net Position - ending					<u>\$313,002</u>	<u>\$1,328,136</u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
 Balance Sheet, Governmental Funds  
 December 31, 2016

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash investments	\$35,343	\$940	\$36,283
Receivable	1,492		1,492
Due from other funds		1,900	1,900
TOTAL ASSETS	<u>\$36,835</u>	<u>\$2,840</u>	<u>\$39,675</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	\$3,239		\$3,239
Due to other funds	37,870		37,870
Total liabilities	<u>41,109</u>	<u>0</u>	<u>41,109</u>
Fund balances:			
Unassigned - General fund	(4,274)		(4,274)
Assigned - Capital projects fund		\$2,840	2,840
Total fund balances	<u>(4,274)</u>	<u>2,840</u>	<u>(1,434)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$36,835</u>	<u>\$2,840</u>	<u>\$39,675</u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
 Reconciliation of The Governmental Funds Balance Sheet  
 to The Government-Wide Financial Statement of Net Position  
 December 31, 2016

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

Fund balances, Total governmental funds (Statement C)			(\$1,434)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:			
Governmental capital assets	487,554		
Less accumulated depreciation	<u>(173,118)</u>	<u>314,436</u>	
Net Position of Governmental Activities (Statement A)			<u>\$313,002</u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2016

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Franchise fees	\$3,957		\$3,957
Licenses and permits	19,883		19,883
Local funds - police jury	7,500		7,500
State grants	3,547		3,547
Other revenues	1,094		1,094
Total Revenues	<u>35,981</u>	<u>0</u>	<u>35,981</u>
<b>EXPENDITURES</b>			
General government	57,348		57,348
Public safety	3,360		3,360
Capital outlay			0
Total Expenditures	<u>60,708</u>	<u>0</u>	<u>60,708</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(24,727)	0	(24,727)
<b>OTHER FINANCING SOURCES (USES)</b>			
Use of money and property	520		520
Sale of assets	0		0
Operating transfers in (out)	13,488		13,488
Total Other Financing Sources (Uses)	<u>14,008</u>	<u>0</u>	<u>14,008</u>
Net Change in Fund Balance	(10,719)	0	(10,719)
Fund Balance – beginning	(52,672)	2,840	(49,832)
Prior period adjustment	59,117	0	59,117
Fund Balance – ending	<u>(\$4,274)</u>	<u>\$2,840</u>	<u>(\$1,434)</u>

See accompanying notes and accountants' report.



Village of Quitman, Louisiana  
Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2016

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

Net Change in Fund Balances, Total governmental funds (Statement E) (\$10,719)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceeded depreciation (\$17,485) in the current period. (17,485)

Change in Net Position of Governmental Activities, Statement B (\$28,204)

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
Statement of Net Position, Proprietary Funds  
December 31, 2016

		Business-Type Activities - Enterprise Funds	
		2016	2015
<b>ASSETS</b>			
Current assets:			
Cash and cash investments		\$116,158	\$105,057
Receivables		21,418	75,931
Deferred revenue		0	0
Due from other funds		37,870	78,685
Inventory		3,452	3,452
Total current assets		<u>178,898</u>	<u>263,125</u>
Restricted assets:			
Cash and cash investments (Customer Deposits)		21,020	19,070
Non-current assets:			
Capital assets (net of accumulated depreciation)		1,634,646	1,725,623
Total Non-current assets		<u>1,634,646</u>	<u>1,725,623</u>
<b>TOTAL ASSETS</b>		<u><u>\$1,834,564</u></u>	<u><u>\$2,007,818</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts, salaries, and other payables		\$13,268	\$44,696
Due to other funds		1,900	1,900
Loans and interest payable		32,839	32,433
Total current liabilities		<u>48,007</u>	<u>79,029</u>
Current liabilities payable from restricted assets		<u>21,020</u>	<u>19,070</u>
Non-current liabilities:			
Loans payable		437,401	469,310
Total non-current liabilities		<u>437,401</u>	<u>469,310</u>
Total liabilities		<u>506,428</u>	<u>567,409</u>
<b>NET POSITION</b>			
Net investment in capital assets		1,165,537	1,226,013
Unrestricted		<u>162,599</u>	<u>214,396</u>
<b>TOTAL NET POSITION</b>		<u><u>\$1,328,136</u></u>	<u><u>\$1,440,409</u></u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds	
	2016	2015
Operating Revenues		
Charges for services:		
Water sales	\$151,717	\$160,566
Sewer charges	14,195	13,410
Other services	1,500	7,495
Total Operating Revenues	<u>167,412</u>	<u>181,471</u>
Operating Expenses		
Cost of sales and services	105,029	101,914
Administration	3,969	8,895
Depreciation	150,300	132,139
Total Operating Expenses	<u>259,298</u>	<u>242,948</u>
Operating income (loss)	(91,886)	(61,477)
Nonoperating revenue (expenses)		
Interest earnings	196	329
Interest expense	(18,422)	(20,250)
Total Nonoperating Revenue (Expenses)	<u>(18,226)</u>	<u>(19,921)</u>
Income before contributions and transfers	(110,112)	(81,398)
Capital contributions - state grant	70,444	163,400
Transfers in (out)	<u>(13,488)</u>	<u>0</u>
Change in Net Position	(53,156)	82,002
Total Net Position - Beginning	1,440,409	1,358,407
Prior period adjustment	<u>(59,117)</u>	<u>0</u>
Total Net Position - Ending	<u>\$1,328,136</u>	<u>\$1,440,409</u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
Statement of Cash Flows, Proprietary Funds  
For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$223,875	\$292,604
Receipts from other funds	40,815	0
Payments to suppliers	(117,265)	(203,193)
Payments to employees	(23,161)	(22,753)
Payments to other funds	<u>0</u>	<u>(13,760)</u>
Net Cash Provided by Operating Activities	<u>124,264</u>	<u>52,898</u>
Cash Flows from Noncapital Financing Activities		
Transfer to other funds	(13,488)	0
Prior period adjustment	(59,117)	0
Capital contributions	<u>70,444</u>	<u>163,400</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,161)</u>	<u>163,400</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(59,323)	(172,630)
Principal paid on capital debt	(30,501)	(29,296)
Interest paid on capital debt	<u>(19,424)</u>	<u>(20,509)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(109,248)</u>	<u>(222,435)</u>
Cash Flows from Investing Activities		
Interest and dividends received	<u>196</u>	<u>329</u>
Net Cash Provided by Investing Activities	<u>196</u>	<u>329</u>
Net Increase in Cash and equivalents	13,051	(5,808)
Cash and equivalents, Beginning of Year	<u>124,127</u>	<u>129,935</u>
Cash and equivalents, End of Year	<u>\$137,178</u>	<u>\$124,127</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities		
Operating income	(\$91,887)	(\$61,477)
Depreciation expense	150,300	132,139
(Increase) decrease in accounts receivable	54,514	102,393
Increase (decrease) in customer deposits	1,950	8,740
Increase (decrease) in accounts payable	(31,428)	(115,139)
Increase (decrease) in interfund - net	<u>40,815</u>	<u>(13,758)</u>
Net Cash Provided by Operating Activities	<u>\$124,264</u>	<u>\$52,898</u>
Reconciliation of total cash and cash investments:		
Current assets - cash and cash investments	\$116,158	\$105,057
Restricted assets - cash and cash investments	<u>21,020</u>	<u>19,070</u>
Total cash and cash investments	<u>\$137,178</u>	<u>\$124,127</u>

See accompanying notes and accountants' report.

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

## INTRODUCTION

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

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The Village reports the following major governmental funds:

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

The Village reports the following major proprietary funds:

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

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Village. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### C. Deposits and Investments

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

#### D. Receivables and Payables

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

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

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

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

E. Prepaid Items

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

F. Restricted Assets

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

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Water and sewer system and lines	40 years
Buildings and improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

H. Long-Term Obligations

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



Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

I. Fund Equity

In the government wide statements, net position is displayed in three components:

- a. Net investment in capital assets - 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The Village adopted GASB 54 in the year ended December 31, 2011. As such, fund balances of the governmental funds are classified as follow:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

*Committed* - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

*Assigned* - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned* - all other spendable amounts.

As of December 31, 2016, fund balances are composed of the following:

	General Fund	Capital Projects Fund
Nonspendable:		
Prepaid items	\$0	\$0
Assigned:		
Other purposes		2,840
Unassigned	(76,879)	
Total fund balances	<u>(\$76,879)</u>	<u>\$2,840</u>

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

J. Comparative Data/Reclassifications

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

K. Estimates

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

L. RISK MANAGEMENT

The village is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the village maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2016.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The Village adopted a budget for the year ended December 31, 2016 for the General fund. The Village follows the following procedures in establishing the budgetary data reflected in the financial statements. During the December meeting, the Village clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Village clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There was one amendment to the original General fund budget.

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

3. CASH AND CASH EQUIVALENTS

At December 31, 2016, the Village has cash and cash equivalents (book balances) totaling \$173,461 as follows:

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

Demand deposits	\$86,595
Petty cash	287
Interest-bearing demand deposits	17,629
Time deposits	<u>68,950</u>
Total	<u><u>\$173,461</u></u>

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

At December 31, 2016, the Village has \$172,518 in deposits (collected bank balances). These deposits are secured from risk by \$182,518 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

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

#### 4. INVESTMENTS

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

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

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

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$68,950	\$0	\$0	\$68,950	\$0	\$0	\$68,950
Total investments	\$68,950	\$0	\$0	\$68,950	\$0	\$0	\$68,950

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

5. RECEIVABLES

The receivables of \$22,910 at December 31, 2016, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Franchise taxes	\$557		\$557
Insurance licenses	935		935
Accounts		21,418	21,418
Total	<u>\$1,492</u>	<u>\$21,418</u>	<u>\$22,910</u>

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

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2016 is as follows:

Due To/From Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
	General	(\$110,475)
Capital Projects		1,900
Utility		108,575
Total		<u>\$0</u>

The balances consist of allocations for accounting fees and payroll and payroll taxes. The Village's management will determine an action to take in order to reduce the interfunds in approximately 3 years.

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2016, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$13,000			\$13,000
Total capital assets not being depreciated	<u>13,000</u>	<u>0</u>	<u>0</u>	<u>13,000</u>
Capital assets being depreciated:				
Infrastructure	319,474			319,474
Buildings	31,779			31,779
Improvements	9,350			9,350
Machinery and equipment	<u>113,953</u>			<u>113,953</u>

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

	Beginning Balance	Increases	Decreases	Ending Balance
Total capital assets being depreciated	<u>474,556</u>	<u>0</u>	<u>0</u>	<u>474,556</u>
Less accumulated depreciation	<u>155,635</u>	<u>17,485</u>		<u>173,120</u>
Total capital assets being depreciated, net	<u>\$331,921</u>	<u>(\$17,485)</u>	<u>\$0</u>	<u>\$314,436</u>

	Beginning Balance	Adjust	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$0				\$0
Construction in progress	<u>341,358</u>		<u>\$98,296</u>	<u>(\$439,654)</u>	<u>0</u>
Total capital assets not being depreciated	<u>341,358</u>	<u>0</u>	<u>98,296</u>	<u>(439,654)</u>	<u>0</u>
Capital assets being depreciated:					
Buildings	8,500				8,500
Improvements other than buildings	2,957,812		\$397,402		3,355,214
Machinery and equipment	<u>180,103</u>		<u>3,279</u>		<u>183,382</u>
Total capital assets being depreciated	<u>3,146,415</u>	<u>0</u>	<u>400,681</u>	<u>0</u>	<u>3,547,096</u>
Less accumulated depreciation	<u>1,762,150</u>		<u>150,300</u>		<u>1,912,450</u>
Total capital assets being depreciated, net	<u>\$1,725,623</u>	<u>\$0</u>	<u>\$348,677</u>	<u>(\$439,654)</u>	<u>\$1,634,646</u>

Depreciation expense of \$17,485 for the year ended December 31, 2016, was charged to the general government function.

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

The payables of \$16,507 at December 31, 2016, are as follows:

	General Fund	Capital Projects Fund	Utility Fund	Total
Accounts	<u>\$3,239</u>	<u>\$0</u>	<u>\$13,268</u>	<u>\$16,507</u>
Total	<u>\$3,239</u>	<u>\$0</u>	<u>\$13,268</u>	<u>\$16,507</u>

#### 9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2016:

	Loans payable
Long-term obligations at beginning of year	\$499,610
Additions	0
Deductions	<u>(30,500)</u>
Long-term obligations at end of year	<u>\$469,109</u>

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

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, 2016:

	<u>Loans payable</u>
Current portion	\$31,708
Long-term portion	437,401
Total	<u>\$469,109</u>

The loans payable at December 31, 2016, are comprised of the following individual issues:

Loan number	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
DHH 1049014-01	5/23/02	3.95	2023	\$26,876	\$213,000	DHH
USDA	12/9/04	unknown	2044	193,818	256,109	USDA

At December 31, 2016, the Village has accumulated \$54,807 for future debt repayments. The annual requirements to amortize all loans outstanding at December 31, 2016, including interest of \$240,117 follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2017	31,708	18,303	50,011
2018	32,924	17,138	50,062
2019	34,151	15,928	50,079
2020	35,887	14,665	50,552
2021	37,135	13,348	50,483
2022 - 2026	99,303	50,665	149,968
2027 - 2031	40,437	40,203	80,640
2032 - 2036	50,619	30,021	80,640
2037 - 2041	63,365	17,275	80,640
2042 - 2044	43,580	3,148	46,728
Total	<u>\$469,109</u>	<u>\$220,694</u>	<u>\$689,803</u>

#### 10. ON BEHALF PAYMENTS FOR SALARIES

The Village recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Village's police employees. For the year ended December 31, 2016, the State made contributions of \$0.

#### 11. CONTINGENT LIABILITIES

At December 31, 2016, the Village is not involved in any pending or threatened litigation, claims or assessments.

Village of Quitman, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended December 31, 2016

12. PRIOR PERIOD ADJUSTMENT

The Village recognized a prior period adjustment of \$59,117 in the General fund. The Village recognized a prior period adjustment of (\$59,117) in the Utility fund. These are due to prior year interfunds that should have been transfers according to village management.

13. SIGNIFICANT UNASSIGNED DEFICIT

Management's plan to eliminate the deficit is to reduce expenditures and request operating grants from outside sources.

14. DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through June 13, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION



Village of Quitman, Louisiana  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
<b>REVENUES</b>				
Franchise fees	\$2,800	\$4,317	\$3,957	(\$360)
Licenses and permits	27,950	21,691	19,883	(1,808)
Traffic Fines	2,000	0	0	0
Local funds - police jury	0	0	7,500	7,500
State grants	0	0	3,547	3,547
Other revenues	21,000	29,172	1,094	(28,078)
Total Revenues	<u>53,750</u>	<u>55,180</u>	<u>35,981</u>	<u>(19,199)</u>
<b>EXPENDITURES</b>				
General government	52,463	49,625	57,348	(7,723)
Public safety	1,200	1,283	3,360	(2,077)
Capital outlay	0	0	0	0
Total Expenditures	<u>53,663</u>	<u>50,908</u>	<u>60,708</u>	<u>(9,800)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	87	4,272	(24,727)	(28,999)
<b>OTHER FINANCING SOURCES (USES)</b>				
Use of money and property	450	447	520	73
Operating transfers in	0	0	13,488	13,488
Total Other Financing Sources (Uses)	<u>450</u>	<u>447</u>	<u>14,008</u>	<u>13,561</u>
Net Change in Fund Balance	537	4,719	(10,719)	(15,438)
Fund Balance (Deficit) at Beginning of Year	0	6,445	(52,672)	(59,117)
Prior period adjustment	0	0	59,117	59,117
Fund Balance (Deficit) at End of Year	<u>\$537</u>	<u>\$11,164</u>	<u>(\$4,274)</u>	<u>(\$15,438)</u>

## Notes to the Schedule

(1) method of budgetary accounting - GAAP

(2) explanation of material variances

Amended budgeted expenditures, but actual expenditures were higher than expected. Amended budgeted revenues, but actual revenues were not as high as expected.

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL SCHEDULES

Village of Quitman  
Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 2016

<u>Board Member</u>	<u>Amount</u>
Joe Vail, Mayor	
Sylvia Pagan	
James Trull	
Kristi Greer	
Total	<u>\$0</u>

The accompanying notes are an integral part of this statement.

Village of Quitman  
Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2016

Schedule 3

Agency Head Name: Mayor Joe Vail

Purpose	Amount
Salary	\$10,800
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

OTHER REPORTS

# WADE & PERRY

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

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Mayor and Board of Aldermen  
Village of Quitman  
Quitman, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Quitman and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2016 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law) or RS 39:1551-1775 (state procurement code), whichever is applicable.

There were no expenditures made during the year for material and supplies exceeding \$30,000 and all expenditures made for public works exceeding \$150,000 properly advertised and accepted in accordance with the provisions of RS 38:2211-2296.

*Code of Ethics for Public Officials and Public Employees*

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

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

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

Management provided us with the required list.

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

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedures (2) that violated any laws.

### *Budgeting*

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

Management provided us with a copy of both the original budget and amended budget.

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

We traced the adoption of the original budget to the minutes of a meeting held in December, 2015. The adoption of the amended budget was traced to the December, 2016 meeting.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Budgeted revenues and other sources exceeded actual revenues by \$5,638 or 10%. Actual expenditures exceeded budgeted expenditures by \$9,800 or 19%.

### *Accounting and Reporting*

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

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

We examined supporting documentation for all six of the selected disbursements and found that payment was for the proper amount for five disbursements.

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

Payments were properly coded to the correct fund and general ledger account for five of the six selected disbursements.

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

Inspection of supporting documentation indicated approval from the Board for five of the six selected disbursements.

### *Meetings*

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

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

#### *Debt*

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

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

#### *Advances and Bonuses*

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

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

#### *Prior Comments and Recommendations*

Our prior year report, dated May 24, 2016, did not include any comments or unresolved matters other than those noted on page 39.

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

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

*Wade & Perry*  
Ruston, Louisiana  
June 13, 2017



Village of Quitman  
Quitman, Louisiana

Management's Corrective Action Plan  
For the Year Ended December 31, 2016

- 2016-1. Accounting staff: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. Several material adjustments had to be made to the financial statements.

Recommendation: We recommend the Village have its clerk attend classes so she will have the qualifications and training necessary to maintain the Village's financial records. We also recommend the Village implement a formal review process where monthly reconciliations, reports, and processes are authorized, approved and reviewed to ensure accuracy and improve internal controls.

Response: Management agrees with the recommendations and intends to implement them immediately.

- 2016-2. Agreed-upon procedure #7: Actual expenditures exceeded budgeted expenditures by \$9,800 or 19%. Budgeted revenues exceeded actual revenues by \$5,638 or 10%.

Recommendation: We recommend the Village compare budgeted revenues and expenditures to actual revenues and expenditures throughout the year and amend the budget figures as necessary.

Response: Management agrees with the recommendations and intends to implement them immediately.

Village of Quitman  
Summary of Prior Year Findings  
For the Year Ended December 31, 2016

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

2015-1. Lack of segregation of duties

Status: Unresolved - see 2016-1

2015-2. Agreed-upon procedure #7 - Budget violation > 5%

Status: Unresolved - see 2016-2

2015-3. Budget violation - Village did not adopt a budget that balances with approved expenditures not exceeding the total estimated funds available

Status: Resolved

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

None

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

Co-12-17 (Date Transmitted)

Wade & Perry, CPAs  
116 N Pinecrest Drive  
Ruston LA 71270

(Auditors)

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

These representations are based on the information available to us as of (date of completion/representations) June 13, 2017

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [  ] No [  ]

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

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

**Budgeting**

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

Yes [  ] No [  ]

**Accounting and Reporting**

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

**Meetings**

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

Yes [  ] No [  ]

Debt

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

Yes [  ] No [  ]

Advances and Bonuses

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

Yes [  ] No [  ]

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

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

<u>Ray Williams</u>	Secretary	<u>6-12-17</u>	Date
	Treasurer		Date
<u>Joe Vap</u>	President	<u>6-12-17</u>	Date