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VILLAGE OF DOWNSVILLE  
LOUISIANA

FINANCIAL STATEMENTS  
DECEMBER 31, 1998

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

Release Date 7-28-99

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

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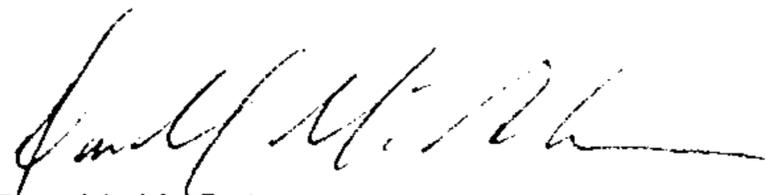
ACCOUNTANT'S COMPILATION REPORT

The Honorable Reggie Skains, Mayor  
and Council Members  
Village of Downsville  
P.O. Box 128  
Downsville, Louisiana 71234

I have compiled the accompanying general purpose financial statements of the Village of Downsville, Louisiana as of December 31, 1998 and for the year then ended, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

The required supplementary information in Note 10 on the Year 2000 Issue is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have compiled Note 10 on the Year 2000 Issue from information that is the representation of management of the Village of Downsville, Louisiana, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



Don M. McGehee  
Certified Public Accountant  
June 4, 1999

## GENERAL PURPOSE FINANCIAL STATEMENTS

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1998**

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals (Memoran- dum Only)</u>
	<u>General Fund</u>	<u>Enterprise Fund</u>	
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 10,660	\$ 17,936	\$ 28,596
Investments	0	9,549	9,549
Accounts Receivable, net	0	7,840	7,840
Interest Receivable	0	137	137
Taxes Receivable	777	0	777
Due from Other Governments	136	0	136
Restricted Assets:			
Cash	0	28,792	28,792
Fixed Assets:			
Land	0	1,000	1,000
Equipment	0	2,949	2,949
Water Distribution System	0	1,044,603	1,044,603
Accumulated Depreciation	0	(358,703)	(358,703)
Construction in Progress	0	15,806	15,806
Other Assets	<u>0</u>	<u>30</u>	<u>30</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,573</u>	<u>\$ 769,939</u>	<u>\$ 781,512</u>
 <b>LIABILITIES AND EQUITY</b>			
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 453	\$ 2,268	\$ 2,721
Accrued Expenses	0	345	345
Current Liabilities Payable from			
Restricted Assets:			
Accrued Interest Payable	0	1,371	1,371
Revenue Bonds Payable	0	3,376	3,376
Customer Deposits	0	8,902	8,902
Noncurrent Liabilities:			
Revenue Bonds Payable	<u>0</u>	<u>210,888</u>	<u>210,888</u>
<b>TOTAL LIABILITIES</b>	<u>453</u>	<u>227,150</u>	<u>227,603</u>
 EQUITY:			
Contributed Capital	0	159,000	159,000
Retained Earnings:			
Reserved	0	15,304	15,304
Unreserved	<u>0</u>	<u>368,485</u>	<u>368,485</u>
Total Retained Earnings	<u>0</u>	<u>383,789</u>	<u>383,789</u>
Fund Balances--Unreserved and			
Undesignated	<u>11,120</u>	<u>0</u>	<u>11,120</u>
<b>TOTAL EQUITY</b>	<u>11,120</u>	<u>542,789</u>	<u>553,909</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 11,573</u>	<u>\$ 769,939</u>	<u>\$ 781,512</u>

See accountant's compilation report.  
See accompanying notes to financial statements.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE--GOVERNMENTAL FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

**REVENUES**

Franchise Taxes	\$ 3,576
Intergovernmental-Tobacco Tax	546
Intergovernmental-State Revenue Sharing	75
Licenses	100
Interest	<u>237</u>
<b>TOTAL REVENUE</b>	<u><b>4,534</b></u>

**EXPENDITURES**

General Government	
Dues	250
Miscellaneous	426
Office Supplies	85
Travel	386
Police Department	
Salaries	3,360
Street Department	
Street Lights	<u>2,024</u>
<b>TOTAL EXPENDITURES</b>	<u><b>6,531</b></u>

**DEFICIENCY OF REVENUES  
UNDER EXPENDITURES**

(1,997)

**OTHER FINANCING SOURCES**

Operating Transfer In--Utility Fund	<u>6,895</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u><b>6,895</b></u>

**EXCESS OF REVENUES AND OTHER  
SOURCES OVER EXPENDITURES**

4,898

**FUND BALANCE-BEGINNING**

6,222

**FUND BALANCE-ENDING**

\$ 11,120

See accountant's compilation report.  
See accompanying notes to financial statements.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**--BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	GENERAL FUND		
	Budget	Actual	Variance-- Favorable (Unfavorable)
<b>REVENUES</b>			
Franchise Taxes	\$ 2,500	\$ 3,576	\$ 1,076
Intergovernmental-Tobacco Tax	546	546	0
Intergovernmental-Revenue Sharing	75	75	0
Licenses	100	100	0
Interest	110	237	127
<b>TOTAL REVENUE</b>	3,331	4,534	1,203
 <b>EXPENDITURES</b>			
General Government			
Dues	0	250	(250)
Maintenance of Town Property	150	0	150
Miscellaneous	300	426	(126)
Office Supplies	500	85	415
Travel	0	386	(386)
Police			
Salary	3,360	3,360	0
Street			
Street Lights	4,000	2,024	1,976
<b>TOTAL EXPENDITURES</b>	8,310	6,531	1,779
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(4,979)	(1,997)	2,982
 <b>OTHER FINANCING SOURCES</b>			
Operating Transfer In--Utility Fund	7,860	6,895	(965)
<b>TOTAL OTHER FINANCING SOURCES</b>	7,860	6,895	(965)
 <b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	2,881	4,898	2,017
 <b>FUND BALANCE-BEGINNING</b>	6,222	6,222	0
 <b>FUND BALANCE-ENDING</b>	\$ 9,103	\$ 11,120	\$ 2,017

See accountant's compilation report.  
See accompanying notes to financial statements.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**ENTERPRISE FUND**  
**UTILITY FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS--PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

<b>OPERATING REVENUES</b>	
Water Sales	\$ 35,135
Sewer Charges	<u>13,165</u>
<b>TOTAL OPERATING REVENUES</b>	<u>48,300</u>
<b>OPERATING EXPENSES</b>	
Accounting	5,755
Bad Debt Expense	1,345
Depreciation	26,520
Dues	395
Insurance	1,300
Miscellaneous	114
Office Supplies	733
Outside Services	3,600
Professional Fees	2,104
Salaries	4,600
System Repair and Maintenance	8,333
System Supplies and Expense	469
Taxes-Payroll	67
Telephone and Utilities	<u>3,795</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>59,130</u>
<b>OPERATING LOSS</b>	(10,830)
<b>NON-OPERATING REVENUES AND EXPENSES</b>	
Interest Income	2,084
Interest Expense	<u>(11,147)</u>
<b>NET NON-OPERATING EXPENSE</b>	(9,063)
<b>LOSS BEFORE OPERATING TRANSFERS</b>	(19,893)
<b>OPERATING TRANSFERS TO OTHER FUNDS</b>	
Transfer Out to General Fund	<u>(6,895)</u>
<b>TOTAL OPERATING TRANSFERS TO OTHER FUNDS</b>	<u>(6,895)</u>
<b>NET LOSS</b>	(26,788)
<b>RETAINED EARNINGS - BEGINNING</b>	<u>410,577</u>
<b>RETAINED EARNINGS - ENDING</b>	<u>\$ 383,789</u>

See accountant's compilation report.  
See accompanying notes to financial statements.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**ENTERPRISE FUND**  
**UTILITY FUND**  
**STATEMENT OF CASH FLOWS--PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers and Users	\$ 45,322
Cash Payments for Goods and Services	(26,864)
Cash Payments for Salaries and Wages	<u>(4,600)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>13,858</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Transfers to General Fund	<u>(6,895)</u>
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(6,895)</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Grant	15,000
Principal Payments on Revenue Bonds	(3,306)
Interest Payments on Revenue Bonds	(11,207)
Purchase of Fixed Assets	(2,949)
Construction Costs	<u>(15,806)</u>
<b>NET CASH USED BY CAPITAL FINANCING ACTIVITIES</b>	<u>(18,268)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale of Investments	9,073
Purchase of Investments	(9,549)
Interest Received	<u>2,077</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>1,601</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 (9,704)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>56,432</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 46,728</u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (10,830)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	26,520
(Increase) Decrease in Accounts Receivable	(3,128)
Increase (Decrease) in Accounts Payable	1,168
Increase (Decrease) in Accrued Expenses	(22)
Increase (Decrease) in Customers' Deposits	<u>150</u>
Total Adjustments	<u>24,688</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 13,858</u>

See accountant's compilation report.  
See accompanying notes to financial statements.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Downsville, Louisiana, was incorporated pursuant to Section II of Act 136 of the Sessions Act as approved July 13, 1898. The Village operates under a Mayor-Council form of government.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Village of Downsville, Louisiana, conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

**A. Reporting Entity**

Based upon standards for defining and reporting on the financial reporting entity, the Village of Downsville is a primary government. Component units can be identified by financial accountability and whether exclusion would create misleading or incomplete financial statements. *No component units of the Village of Downsville were identified.*

**B. Fund Accounting**

The accounts of the Village of Downsville are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories and two generic fund types. The following funds are used by the Village of Downsville:

Governmental Funds--

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds--

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided 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.

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., expenses) in net total assets. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

**D. Basis of Accounting**

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Village considers all governmental revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

Those revenues susceptible to accrual are franchise taxes, tobacco taxes, revenue sharing, and charges for services. Fines, occupational licenses, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary fund types follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board and all applicable Financial Accounting Standards Board's standards.

**E. Budgetary Practices**

The Village of Downsville, Louisiana, adopted an operating budget, on a basis consistent with generally accepted accounting principles, on its governmental fund type for the year ended December 31, 1998, as required by generally accepted accounting principles as applicable to governmental units, and as required by Louisiana law. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents consist of interest-bearing demand deposits, and time deposits with original maturities of three months or less from date of acquisition. Deposits are carried at cost which approximates market value.

Under state law, the Village of Downsville may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Deposits are carried at cost which approximates market value.

**G. Restricted Assets**

The "customer deposit" account is used to report proceeds from customers' meter deposits. A corresponding liability is presented to record these funds held by the enterprise fund.

The revenue bond agreements require certain amounts of cash to be restricted as to use. A liability is recorded for a portion of these amounts and the remainder is shown as a reservation of retained earnings by the enterprise fund.

**H. Reserves**

Under terms of its bond debt, the Village reserves a portion of its cash flow for specific future uses. All reserves used by the Village are described below:

Reserved for Revenue Bond Sinking Fund - An account used to segregate a portion of retained earnings for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in the future years.

Reserved for Revenue Bond Reserve Fund - An account used to segregate a portion of retained earnings for debt service resources restricted to the payment of long-term debt principal and interest amounts maturing in the future years when sufficient amounts are not reserved in bond debt service accounts.

Reserved for Revenue Bond Contingency - An account used to segregate a portion of retained earnings for extensions, additions, improvements, renewals and replacements necessary to properly operate the system; and for debt service resources restricted to the payment of long-term debt principal and interest amounts maturing in future years when sufficient amounts are not reserved in the bond debt service and bond retirement reserve accounts.

**I. Vacation and Sick Leave**

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

**J. Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, all cash and cash equivalents are considered cash regardless of whether there are restrictions on their use.

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

**L. Fixed Assets**

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations.

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

Water and Sewer Utility	
Distribution System	40 years
Improvements to Distribution System	40 years
Office Equipment and Furniture	5 to 7 years

All fixed assets are stated at historical cost. Interest charges, net of interest earned on investment proceeds during the construction period, of \$5,419 incurred during the construction period, are reflected in the capitalized value of the improvements to the distribution system.

**M. Memorandum Only - Total Columns**

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

**NOTE 2 - CASH AND INVESTMENTS**

The Village maintains its cash and investment accounts in First United Bank and Bank One, which are insured by the Federal Deposit Insurance Corporation (FDIC). FDIC coverage is \$100,000 for all demand deposits and \$100,000 for all time deposits (time deposits are defined as any interest bearing account). All of the Village's cash consisted of interest bearing demand deposits, while investments consisted of one certificate of deposit. At December 31, 1998, the bank balance was \$68,482 and the carrying amount was \$66,937 for all accounts, which was covered by FDIC insurance.

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts Receivable, including allowance for uncollectible accounts, at December 31, 1998, was as follows:

Water Sales and Sewer Charges Receivable	\$ 8,840
Less: Allowance for Doubtful Accounts	<u>(1,000)</u>
Net Accounts Receivable	<u>\$ 7,840</u>

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following at December 31, 1998:

Tobacco Taxes Due from the State of Louisiana	<u>\$ 137</u>
---	---------------

**NOTE 5 - RESTRICTED ASSETS--PROPRIETARY FUND TYPE**

Restricted assets were applicable to the following at December 31, 1998:

Revenue Bond Sinking Fund	\$ 3,067
Revenue Bond Reserve Fund	6,086
Revenue Bond Depreciation and Contingency Fund	10,737
Customers' Deposits	<u>8,902</u>
Total	<u>\$ 28,792</u>

**NOTE 6 - CONSTRUCTION IN PROGRESS**

During the year the Village began a construction project to drill a new well. The first step of the project was to drill a test well. This was funded primarily by a grant received from the Louisiana Governor's Office of Rural Development for \$15,000. The Village is currently seeking another grant to complete this project.

**NOTE 7 - LONG-TERM DEBT**

The following is a summary of bond transactions of the Village of Downsville for the year ended December 31, 1998:

Bonds Payable at January 1	\$ 217,570
Less Bonds Retired	<u>(3,306)</u>
Bonds Payable at December 31	214,264
Less Current Maturities	<u>(3,376)</u>
Long-Term Bonds Payable at December 31, 1998	<u>\$ 210,888</u>

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 7 - LONG-TERM DEBT (continued)**

Bonds Payable at December 31, 1998, were comprised of the following issues:

Revenue Bonds--\$92,800 Water and Sewer Revenue Bonds dated August 14, 1980, due in various annual installments from \$5,000 to \$6,000 through August 14, 2020; interest at a rate of 5%.	\$ 72,000
Revenue Bonds--\$146,000 Water Revenue Bonds dated December 28, 1994 due in monthly installments of \$734 beginning January 28, 1996 through December 28, 2034; interest at a rate of 5.25%	<u>142,264</u>
Total	<u>\$ 214,264</u>

The annual debt service requirements to maturity for outstanding revenue bonds as of December 31, 1998, including interest payments of \$223,278, are as follows:

<u>Year Ending December 31,</u>	<u>\$92,800 Revenue Bond</u>	<u>\$146,000 Revenue Bond</u>	<u>Total</u>
1999	\$ 5,600	\$ 8,813	\$ 14,413
2000	5,500	8,813	14,313
2001	5,400	8,813	14,213
2002	5,300	8,813	14,113
2003	5,200	8,813	14,013
Thereafter	<u>94,150</u>	<u>272,327</u>	<u>366,477</u>
Totals	<u>\$ 121,150</u>	<u>\$ 316,392</u>	<u>\$ 437,542</u>

There are a number of limitations and restrictions contained in the various bond indentures. The Village is in compliance with all significant limitations and restrictions.

**NOTE 8 - COMPENSATION PAID THE COUNCIL MEMBERS**

The council members did not accept any compensation for the year ended December 31, 1998.

**NOTE 9 - CONTRIBUTED CAPITAL**

The changes in the government's contributed capital accounts for its proprietary fund for the year ended December 31, 1998 were as follows:

Beginning Balance, Contributed Capital	\$ 144,000
Contributing Source-U.S. Department of Agriculture-Rural Economic and Community Development for Test Well	<u>15,000</u>
Ending Balance, Contributed Capital	<u>\$ 159,000</u>

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**REQUIRED SUPPLEMENTARY INFORMATION:**

**NOTE 10 - YEAR 2000 ISSUE**

The Village of Downsville is aware of the Year 2000 issue and that it could affect the operations of their computer. There has been no formalized plan or budget adopted to deal with the year 2000 issue at this time.

## **AGREED-UPON PROCEDURES**

**DON M. McGEHEE**  
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806 North Trenton  
Ruston, Louisiana 71273-1344

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Reggie Skains, Mayor  
and Council Members  
Village of Downsville  
P.O. Box 128  
Downsville, Louisiana 71234

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Village of Downsville and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Downsville's compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000 or for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

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

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

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

Management provided me with the required list.

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 procedure (2).

#### Budgeting

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

Management provided me with a copy of the approved budget, however I found no budget adoption instrument. There were no amendments made to the budget during the year.

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

I traced to the minutes of a meeting held on August 11, 1998 and December 8, 1998, which indicated that the 1998 and 1999 budget, respectively, had been approved by the mayor and council members of the Village of Downsville, but I found no budget adoption instrument. No amendments were made to the budget.

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 budget amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenue and expenditures for the fiscal year did not exceed budgeted amounts by more than 5%.

#### 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;

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

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

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

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

Inspection of documentation supporting each of the six selected disbursements indicated approval from the mayor.

#### 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 - 12 (the open meetings law).

The Village of Downsville is only required to post a notice of each meeting and the accompanying agenda on the door of the meeting place. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas for all of the meetings held beginning in July, 1998.

Debt

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

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

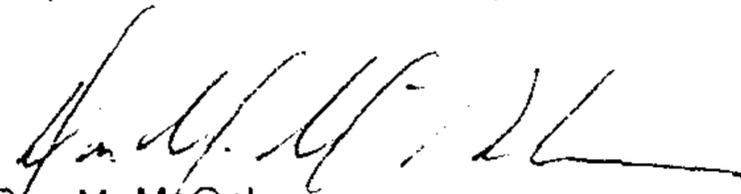
Advances and Bonuses

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

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

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

This report is intended solely for the use of management of the Village of Downsville and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Don M. McGehee  
Certified Public Accountant  
June 4, 1999

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

June 8, 1999 (Date Transmitted)

Don M. McGehee CPA  
806 North Trenton  
Buston, LA 71270  
\_\_\_\_\_  
\_\_\_\_\_  
(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation 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 8, 1999

**Public Bid Law**

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

Yes [] No [ ]

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

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

Yes [] No [ ]

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

Yes [] No [ ]

**Budgeting**

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

Yes [] No [ ]

**Accounting and Reporting**

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

Yes [] No [ ]

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

Yes [] No [ ]

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

Yes [] No [ ]

**Meetings**

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

Yes [] No [ ]

**Debt**

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

Yes [] No [ ]

**Advances and Bonuses**

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

Yes [] No [ ]

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

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

<u>Carly A. Butler</u>	Clerk Secretary	<u>6-8-99</u>	Date
<u>Reggie A. Skarin</u>	Treasurer Mayor President	<u>6-8-99</u>	Date

## OTHER REPORTS

**VILLAGE OF DOWNSVILLE, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 1998**

**SECTION I AGREED-UPON PROCEDURES REPORT**

**FINDINGS**

**1998-1** Budget Adoption - Budget should be adopted in accordance with the Louisiana Local Government Budget Act. of prior year agreed-upon procedures and was corrected once client became aware of problem in current year.

**MANAGEMENT'S RESPONSES**

The necessary adoption instrument will be prepared for the budget for 2000 and presented with the proposed budget by the mayor.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

**SECTION I FINANCIAL STATEMENTS AND NOTES**

<b>FINDINGS</b>	<b>CURRENT YEAR STATUS</b>
<b>1997-1</b> Annual Financial Statements - File annual financial statements with the Legislative Auditor within the time period required by state law by engaging an accountant prior to year end and by gathering information more timely.	Resolved - Management took corrective action.

**SECTION II AGREED-UPON PROCEDURES REPORT**

<b>FINDINGS</b>	<b>CURRENT YEAR STATUS</b>
<b>1997-2</b> Budget Adoption - Budget should be adopted in accordance with the Louisiana Local Government Budget Act prior to year end.	Partially resolved - See currently year finding 98-1.
<b>1997-3</b> Budget Exceeded - Budget should be monitored and amended as needed during the year to keep it within 5% variance of actual.	Resolved - Management took corrective action.
<b>1997-4</b> Meeting Agenda - Be more diligent in maintaining evidence that meeting notices and agendas were posted as required by law.	Resolved - Management took corrective action.