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VILLAGE OF DOWNSVILLE  
LOUISIANA  
FINANCIAL STATEMENTS  
DECEMBER 31, 1995

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Release Date \_\_\_\_\_ 8-14-96

VILLAGE OF DOWNSVILLE, LOUISIANA  
FINANCIAL STATEMENTS  
DECEMBER 31, 1995

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**DON M. McGEHEE**  
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Ruston, Louisiana 71273-1344

ACCOUNTANT'S COMPILATION REPORT

The Honorable Reggie Skains, Mayor  
and Council Members  
Village of Downsville  
Downsville, Louisiana 71234

I have compiled the accompanying general purpose financial statements of the Village of Downsville, Louisiana as of December 31, 1995, 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.



Don M. McGehee  
Certified Public Accountant  
June 26, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**COMBINED BALANCE SHEET -- ALL FUND TYPES**  
**DECEMBER 31, 1995**

	GOVERNMENTAL FUND TYPE		PROPRIETARY FUND TYPE		TOTALS (MEMORAN- DUM ONLY)
	GENERAL FUND		ENTERPRISE FUND		
<b>ASSETS</b>					
Cash	\$	341	\$	19,797	\$ 20,138
Accounts Receivable		0		5,016	5,016
Taxes Receivable		988		0	988
Due from Other Governmental Units		136		0	136
Restricted Assets--Cash		0		34,253	34,253
Land		0		1,000	1,000
Construction in Progress		0		236,723	236,723
Water Distribution System		0		743,895	743,895
Accumulated Depreciation		0		(280,323)	(280,323)
Other Assets		0		30	30
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,465</b>	<b>\$</b>	<b>760,391</b>	<b>\$ 761,856</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$	191	\$	707	\$ 898
Accrued Expenses		0		1,044	1,044
Payable from Restricted Assets					
Accrued Interest Payable		0		6,749	6,749
Current portion of Revenue Bonds Payable		0		3,176	3,176
Customer Deposits		0		8,702	8,702
Revenue Bonds Payable		0		219,989	219,989
<b>TOTAL LIABILITIES</b>		<b>191</b>		<b>240,367</b>	<b>240,558</b>
<b>EQUITY:</b>					
Contributed Capital--					
Capital Grants		0		88,492	88,492
Retained Earnings--					
Reserved		0		15,626	15,626
Unreserved		0		415,906	415,906
Fund Balances--					
Unreserved and Undesignated		1,274		0	1,274
<b>TOTAL EQUITY</b>		<b>1,274</b>		<b>520,024</b>	<b>521,298</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b>1,465</b>	<b>\$</b>	<b>760,391</b>	<b>\$ 761,856</b>

See accountant's compilation report.  
The accompanying notes are an integral part of these financial statements.

VILLAGE OF DOWNSVILLE, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1995

<b>REVENUES:</b>	
Franchise Taxes	\$ 3,246
Licenses and Permits	80
Intergovernmental – Tobacco Tax	546
Intergovernmental – State Revenue Sharing	29
Interest	73
<b>TOTAL REVENUES</b>	<u>3,974</u>
 <b>EXPENDITURES:</b>	
General and Administrative	
Accounting	2,800
Miscellaneous	92
Office Supplies	281
Travel and Seminar	114
Police Department	
Salaries	3,640
Supplies	1,759
Street Department	
Street Lights	2,046
<b>TOTAL EXPENDITURES</b>	<u>10,732</u>
 <b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	 (6,758)
 <b>OTHER FINANCING SOURCES:</b>	
Operating Transfer from Other Funds	2,795
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>2,795</u>
 <b>DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES</b>	 (3,963)
 <b>FUND BALANCE – BEGINNING</b>	 <u>5,237</u>
 <b>FUND BALANCE – ENDING</b>	 <u>\$ 1,274</u>

See accountant's compilation report.

The accompanying notes are an integral part of these 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, 1995

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE -- FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>			
Franchise Taxes	\$ 2,000	\$ 3,246	\$ 1,246
Licenses and Permits	0	80	80
Intergovernmental--Tobacco Tax	0	546	546
Intergovernmental--State Revenue Sharing	0	29	29
Fines	200	0	(200)
Interest	60	73	13
<b>TOTAL REVENUES</b>	<b>2,260</b>	<b>3,974</b>	<b>1,714</b>
<b>EXPENDITURES:</b>			
General and Administrative			
Accounting	3,000	2,800	200
Bank Charges	60	60	0
Miscellaneous	100	92	8
Office Supplies	1,200	221	979
Travel and Seminars	0	114	(114)
Police Department			
Salaries	3,500	3,640	(140)
Supplies	0	1,759	(1,759)
Street Department			
Street Lights	2,200	2,046	154
<b>TOTAL EXPENDITURES</b>	<b>10,060</b>	<b>10,732</b>	<b>(672)</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(7,800)</b>	<b>(6,758)</b>	<b>1,042</b>
<b>OTHER FINANCING SOURCES:</b>			
Operating Transfer from Other Funds	7,800	2,795	(5,005)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>7,800</b>	<b>2,795</b>	<b>(5,005)</b>
<b>DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES</b>	<b>\$ 0</b>	<b>(3,963)\$</b>	<b>(3,963)</b>
<b>FUND BALANCE--BEGINNING</b>		<b>5,237</b>	
<b>FUND BALANCE--ENDING</b>		<b>\$ 1,274</b>	

See accountant's compilation report.  
 The accompanying notes are an integral part of these 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, 1995**

<b>OPERATING REVENUES:</b>	
Water Sales	\$ 34,184
Sewer Sales	12,487
<b>TOTAL OPERATING REVENUES</b>	<u>46,671</u>
 <b>OPERATING EXPENSES:</b>	
Depreciation	18,597
Dues	150
Insurance	1,271
Office Supplies	411
Outside Services	2,700
Salaries	5,280
System Repair and Maintenance	22,435
System Supplies and Expense	1,978
Taxes	1,461
Utilities	3,439
<b>TOTAL OPERATING EXPENSES</b>	<u>57,722</u>
 <b>OPERATING LOSS</b>	 (11,051)
 <b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest Income	1,062
Interest Expense	(4,025)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(2,963)</u>
 <b>TRANSFERS TO GENERAL FUND</b>	 <u>(2,795)</u>
 <b>NET LOSS</b>	 (16,809)
 <b>RETAINED EARNINGS -- BEGINNING</b>	 <u>448,341</u>
 <b>RETAINED EARNINGS -- ENDING</b>	 <u>\$ 431,532</u>

See accountant's compilation report.

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



**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**ENTERPRISE FUND -- UTILITY FUND**  
**STATEMENT OF CASH FLOWS-- PROPRIETY FUND TYPE**  
**FOR YEAR ENDED DECEMBER 31, 1995**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Customers and Users	\$ 44,202
Cash Payments for Goods and Services	(33,911)
Cash Payments to Employees	(4,682)
Net Cash Provided by Operating Activities	5,609

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Operating Transfers to General Fund	(2,795)
Net Cash Used by Noncapital Financing Activities	(2,795)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Proceeds from Revenue Bonds	145,165
Proceeds from Grant	88,492
Principal Payments on Revenue Bonds	(2,000)
Construction of Water Distribution System	(228,300)
Interest Payments on Revenue Bonds	(4,000)
Net Cash Used by Capital and Related Financing Activities	(643)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest Received	1,098
Net Cash Provided by Investing Activities	1,098

**NET INCREASE IN CASH AND RESTRICTED CASH** 3,269

**CASH AND RESTRICTED CASH AT BEGINNING OF YEAR** 50,781

**CASH AND RESTRICTED CASH AT END OF YEAR** \$ 54,050

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Loss	\$ (11,051)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	18,597
Changes in Assets and Liabilities Which Required or Provided Cash:	
(Increase) Decrease in Accounts Receivable	(2,694)
Increase (Decrease) in Accounts Payable	(293)
Increase (Decrease) in Accrued Liabilities	825
Increase (Decrease) in Customers' Deposits	225
Total Adjustments	16,660
Net Cash Provided by Operating Activities	\$ 5,609

See accountant's compilation report.  
The accompanying notes are an integral part of these financial statements.

VILLAGE OF DOWNSVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1995

**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 Mayor–Council form of government.

The accounting and reporting policies of the Village of Downsville conform to generally accepted accounting principles as applied to governmental units. The accounting and reporting procedures conform to the requirements of Louisiana Revised Statutes 24:517 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 as follows:

**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 (continued)**  
**DECEMBER 31, 1995**

**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.

**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 adopted an operating budget, on a basis consistent with generally accepted accounting principles, on its governmental fund type for the year ended December 31 1995, as required by generally accepted accounting principles as applicable to governmental units, and as required by Louisiana law.

See accountant's compilation report.



**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 1995**

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

**F. Investments**

The Village investments are stated at cost. However, at December 31, 1995, the Village had no monies considered to be investments.

Under state law, the Village of Downsville may invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana and United States bonds, treasury notes, etc.

**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 deposited into restricted accounts. A corresponding liability is presented for a portion of these amounts and the remaining amount is shown as a reservation of retained earnings by the enterprise fund.

**H. Reserves**

The Village records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use. 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 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.

Reserved for Construction – An account used to segregate a portion of retained earnings for resources restricted for the payment of construction expenses in the next year.

**I. 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

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 1995**

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

**I. Fixed Assets (continued)**

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 only depreciable fixed assets recorded in the proprietary fund in this statement is the water distribution system with an estimated useful life of forty (40) years. All fixed assets are stated at historical cost.

**J. 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.

**K. Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, all cash is considered cash regardless of whether there are restrictions on its use.

**NOTE 2 – CASH AND INVESTMENTS**

The Village maintains its cash and investment accounts in First United Bank and Central Bank, 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 the Village's bank accounts are interest bearing. At December 31, 1995, the bank balance was \$53,770 and the carrying amount was \$54,391 on all accounts, which was all covered by FDIC insurance.

**NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following:

Tobacco Taxes Due from the State of Louisiana	\$ <u>      136</u>
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**NOTE 4 – RESTRICTED ASSETS**

Restricted assets were applicable to the following at December 31:

Revenue Bond Sinking Fund	\$ 10,123
Revenue Bond Reserve Fund	3,890
Revenue Bond Depreciation and Contingency Fund	7,785
Construction Fund	3,753
Customers' Deposits	8,702
Total	\$ <u>      34,253</u>

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 DECEMBER 31, 1995

**NOTE 5 – FIXED ASSETS**

A summary of proprietary fund type fixed assets at December 31, 1995, is as follows:

Land	\$ 1,000
Water Distribution System	743,895
Construction in Progress – Water Improvements	236,723
Total	<u>981,618</u>
Less Accumulated Depreciation	(280,323)
Net	<u>\$ 701,295</u>

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of bond transactions of the Village of Downsville for the year ended December 31, 1995.

Bonds Payable at January 1, 1995	\$ 80,000
Add Bonds Issued	145,165
Less Bonds Retired	<u>(2,000)</u>
Bonds Payable at December 31, 1995	223,165
Less Current Maturities	<u>(3,176)</u>
Long-Term Bonds Payable at December 31, 1995	<u>\$ 219,989</u>

Bonds Payable at December 31, 1995, are 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%.	\$ 78,000
Revenue Bonds – \$146,000 Water Revenue Bonds (once fully issued) 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>145,165</u>
Total	<u>\$ 223,165</u>

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 1995**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize all debt outstanding as of December 31, 1995, including interest payments of \$403,505, are as follows:

Year Ending December 31,	Principal	Interest	Total
1996	\$3,176	\$11,537	\$14,713
1997	3,239	11,374	14,613
1998	3,306	11,207	14,513
1999	3,376	11,037	14,413
2000	3,450	10,863	14,313
Thereafter	206,618	347,487	554,105
Totals	<u>\$223,165</u>	<u>\$403,505</u>	<u>\$626,670</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 7 – COMPENSATION PAID THE COUNCIL MEMBERS**

The council members did not accept any compensation for the year ended December 31, 1995.

**NOTE 8 – CONSTRUCTION COMMITMENTS**

In August, 1994, the Village of Downsville signed a construction contract with Jabar, Corp. to improve the water distribution system for approximately \$280,000. The Village received loan approval (\$146,000 bond issue) and grant approval (\$144,000 grant) from the Farmers Home Administration to finance this project.

The construction project is substantially complete for the year ended December 31, 1995. However, the project will not be totally complete until 1996, at which time the Village will receive the remaining bond and grant proceeds and make the final payments for the construction.

**NOTE 9 – CONTRIBUTED CAPITAL**

The changes in the Village's contributed capital account were as follows:

Beginning Balance, Contributed Capital	\$ 0
Add: Farmers Home Administration Capital Grant	<u>88,492</u>
Ending Balance, Contributed Capital	<u>\$ 88,492</u>

See accountant's compilation report.



**SUPPLEMENTAL REPORT AND QUESTIONNAIRE**

**DON M. McGEHEE**  
(A Professional Accounting Corporation)  
P.O. Box 1344  
806 North Trenton  
Ruston, Louisiana 71273-1344

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Honorable Reggie Skains, Mayor  
and Council Members  
Village of Downsville  
Downsville, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the mayor and council members 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, 1995 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 \$5,000, or public works exceeding \$50,000, 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 \$5,000 and two expenditures made for public works exceeding \$50,000. The two expenditures in excess of \$50,000 were partial payments for a water improvement construction project. I examined documentation which indicated the construction contract had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211 - 2251.

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 council member as defined by LSA-RS 42:1101 - 1124 (the code of ethics), and a list of outside business interests of the mayor, all council 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 procedure (2).

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

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

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

I traced the adoption of the original budget to the minutes of a meeting held on January 10, 1995 which indicated that the budget had been adopted by the mayor and council members of the Village of Downsville. No amendments were made to the budget during the year.

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual expenditures were 7% in excess of amounts budgeted for the year. Actual revenues were in excess of budgeted amounts for the year. However, when I compared actual revenues and other financing sources (i.e. operating transfers from other funds) to budgeted revenues and other financing sources, I found that actual revenues and other financing sources were 33% less than budgeted for the year.

#### 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;

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

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

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 through 42:12 (the open meetings law).

The Village of Downsville does not prepare agendas for meetings, nor do they post a notice on the door of the meeting place.

Debt

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

I inspected copies of all bank deposit slips for the period under examination and noted four deposits which appeared to be proceeds of a \$146,000 bond issued December 28, 1994.

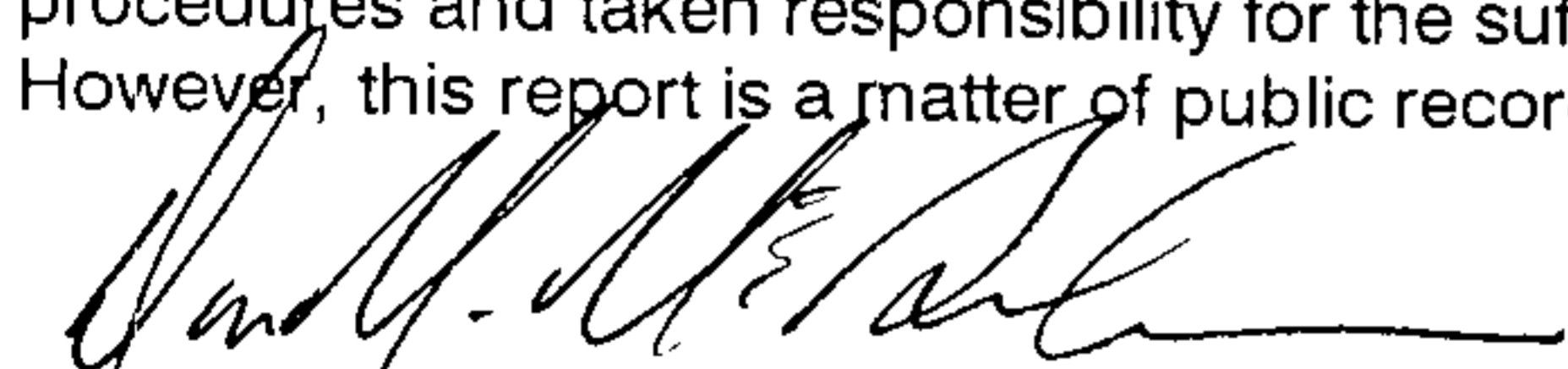
Advances and Bonuses

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

A reading of the minutes of the 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 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 26, 1996



APPENDIX F. LOUISIANA ATTESTATION QUESTIONNAIRE

JUNE 25, 1996 Date

Don M. McGehee, CPA  
806 N. Trenton  
Ruston, LA 71270  
\_\_\_\_\_  
(Auditors)

In connection with your compilation of our financial statements as of December 31, 1995 and for the period 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 JUNE 25, 1996 (date).

**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 39:43.

Yes  No

**Accounting and Reporting**

Louisiana Governmental Audit Guide

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 44:38.

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 [X] No [ ]

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

Yes [X] No [ ]

Meetings

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

Yes [X] 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 47:1410.60.

Yes [X] 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 [X] 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.

Elaine Hammond Clerk Secretary 6-25-96 Date

William W. Duff Mayor Pro-Tem President 6/25/96 Date

Note-Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.