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VILLAGE OF DOWNSVILLE  
LOUISIANA

FINANCIAL STATEMENTS  
DECEMBER 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the parish or governmental entity and other appropriate public officials. The report is available for public inspection at the State Budget office of the Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/10/98

VILLAGE OF DOWNSVILLE, LOUISIANA  
FINANCIAL STATEMENTS  
DECEMBER 31, 1997

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**DON M. McGENEE**

(A Professional Accounting Corporation)  
P.O. Box 1244  
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Bossier, Louisiana 71273-1244

**ACCOUNTANT'S COMPILATION REPORT**

The Honorable Reggie Skains, Mayor  
and Council Members  
Village of Downsville  
Downsville, Louisiana 71224

I have compiled the accompanying general purpose financial statements of the Village of Downsville, Louisiana as of December 31, 1997, 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. McGee  
Certified Public Accountant  
July 9, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**COMBINED BALANCE SHEET -- ALL FUND TYPES**  
**DECEMBER 31, 1997**

	GOVERNMENTAL PROPRIETARY		TOTALS (MEMORAN- DUM ONLY)
	FUND TYPE	FUND TYPE	
	GENERAL FUND	ENTERPRISE FUND	
<b>ASSETS</b>			
Cash	\$ 6,500	\$ 29,752	\$ 36,252
Investments	0	9,073	9,073
Accounts Receivable	0	8,712	8,712
Allowance for Doubtful Accounts	0	(1,000)	(1,000)
Accrued Interest Receivable	0	130	130
Taxes Receivable	309	0	309
Due from Other Governmental Units	137	0	137
Restricted Assets -- Cash	0	28,680	28,680
Land	0	1,000	1,000
Water Distribution System	0	1,044,500	1,044,500
Accumulated Depreciation	0	(332,183)	(332,183)
Other Assets	0	30	30
<b>TOTAL ASSETS</b>	<b>\$ 7,840</b>	<b>\$ 783,797</b>	<b>\$ 790,637</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 818	\$ 1,100	\$ 1,918
Accrued Expenses	0	267	267
Payable from Restricted Assets			
Accrued Interest Payable	0	1,420	1,420
Current portion of Revenue Bonds Payable	0	3,206	3,206
Customer Deposits	0	8,752	8,752
Revenue Bonds Payable	0	214,269	214,269
<b>TOTAL LIABILITIES</b>	<b>818</b>	<b>259,220</b>	<b>260,038</b>
<b>EQUITY:</b>			
Contributed Capital --			
Capital Grants	0	144,000	144,000
Retained Earnings --			
Reserved	0	13,192	13,192
Unreserved	0	327,355	327,355
Fund Balances --			
Unreserved and Undesignated	6,222	0	6,222
<b>TOTAL EQUITY</b>	<b>6,222</b>	<b>524,577</b>	<b>530,799</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 7,840</b>	<b>\$ 783,797</b>	<b>\$ 790,637</b>

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

VILLAGE OF DOWNSMILLE, LOUISIANA  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1997

<b>REVENUES:</b>	
Franchise Taxes	\$ 2,691
Intergovernmental - Tobacco Tax	648
Intergovernmental - State Revenue Sharing	78
Licenses	160
Interest	<u>117</u>
<b>TOTAL REVENUES</b>	<u>3,392</u>
<b>EXPENDITURES:</b>	
General and Administrative	
Maintenance of Town Property	115
Office Supplies	35
Police Department	
Salaries	3,563
Street Department	
Street Lights	<u>3,337</u>
<b>TOTAL EXPENDITURES</b>	<u>5,747</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(2,355)
<b>OTHER FINANCING SOURCES:</b>	
Operating Transfer from Other Funds	<u>3,363</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>3,363</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	3,148
<b>FUND BALANCE - BEGINNING</b>	<u>3,074</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 6,222</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, 1997**

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
<b>REVENUES:</b>			
Franchise Taxes	\$ 3,600	\$ 2,631	\$ (969)
Intergovernmental--Tobacco Tax	600	548	(54)
Intergovernmental--State Revenue Sharing	0	78	78
Licenses	0	180	180
Interest	50	117	67
<b>TOTAL REVENUES</b>	<u>4,150</u>	<u>3,532</u>	<u>(618)</u>
<b>EXPENDITURES:</b>			
General and Administrative			
Maintenance of Town Property	0	115	(115)
Office Supplies	1,000	35	965
Police Department			
Salaries	3,800	3,260	540
Street Department			
Street Lights	0	2,237	(2,237)
<b>TOTAL EXPENDITURES</b>	<u>4,800</u>	<u>5,747</u>	<u>(1,147)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(450)	(2,215)	(1,765)
<b>OTHER FINANCING SOURCES:</b>			
Operating Transfer from Other Funds	450	5,363	4,913
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>450</u>	<u>5,363</u>	<u>4,913</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	\$ 0	\$ 3,148	\$ 3,148
<b>FUND BALANCE--BEGINNING</b>		3,074	
<b>FUND BALANCE--ENDING</b>		\$ 6,222	

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, 1997**

<b>OPERATING REVENUES:</b>	\$ 91,877
Water Sales	13,077
Sewer Charges	78,800
<b>TOTAL OPERATING REVENUES</b>	<u>91,877</u>
<b>OPERATING EXPENSES:</b>	
Accounting	3,016
Bad Debt Expense	308
Depreciation	26,115
Dues	379
Insurance	1,488
Miscellaneous	821
Office Supplies	746
Outside Services	3,000
Salaries	5,280
System Repair and Maintenance	12,078
System Supplies and Expense	418
Taxes	77
Utilities	3,421
<b>TOTAL OPERATING EXPENSES</b>	<u>67,868</u>
<b>OPERATING INCOME</b>	(12,069)
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest Income	2,137
Interest Expense	(11,294)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(9,157)</u>
<b>TRANSFERS TO GENERAL FUND</b>	<u>(3,363)</u>
<b>NET INCOME</b>	(27,462)
<b>RETAINED EARNINGS – BEGINNING</b>	<u>(39,059)</u>
<b>RETAINED EARNINGS – ENDING</b>	<u>\$ 410,527</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, 1997

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers and Users	\$ 46,934
Cash Payments for Goods and Services	(20,284)
Cash Payments to Employees	(5,353)
Net Cash Provided by Operating Activities	<u>14,297</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating Transfers to General Fund	(5,353)
Net Cash Used by Noncapital Financing Activities	<u>(5,353)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal Payments on Revenue Bonds	(3,249)
Interest Payments on Revenue Bonds	(71,273)
Net Cash Used by Capital and Related Financing Activities	<u>(74,522)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of Investments	(17,912)
Proceeds from Sale of Investments	17,459
Interest Received	3,131
Net Cash Provided by Investing Activities	<u>1,678</u>
<b>NET DECREASE IN CASH AND RESTRICTED CASH</b>	<b>(3,914)</b>
<b>CASH AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b><u>60,340</u></b>
<b>CASH AND RESTRICTED CASH AT END OF YEAR</b>	<b>\$ <u>56,426</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ (12,951)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities –	
Depreciation	26,115
Changes in Assets and Liabilities Which Required or Provided Cash:	
(Increase) Decrease in Accounts Receivable	804
Increase (Decrease) in Accounts Payable	373
Increase (Decrease) in Accrued Liabilities	(115)
Increase (Decrease) in Accrued Contingency Liability	100
Increase (Decrease) in Customers' Deposits	75
Total Adjustments	<u>27,561</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ <u>14,297</u></b>

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, 1997

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

The Village of Downsville, Louisiana, was incorporated pursuant to Section 8 of Act 136 of the Sessions Act as approved July 13, 1956. 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, 1997

**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, 1997, 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 reappropriated for the following year to be expended.

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 1997

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

**F. Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and certificates of deposit with maturities of less than 90 days from the date of purchase. Deposits are carried at cost which approximates market value.

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 "outsider 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 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 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 proprietary funds is charged as an expense against their operations. Depreciation has been

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 1997

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

**I. Fixed Assets (continued)**

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. Interest charges, net of interest earned on the investment proceeds during the construction period, of \$5,419 incurred during the construction period are reflected in the capitalized value of the asset constructed.

**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 class.

**K. 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.

**L. 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.

**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 cash consisted of interest bearing demand deposits, while investments consisted of one certificate of deposit. At December 31, 1997, the bank balance was \$88,753 and the carrying amount was \$72,103 on all accounts, which were 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	\$	137
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See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 1997**

**NOTE 4 – RESTRICTED ASSETS**

Restricted assets were applicable to the following at December 31:

Revenue Bond Sinking Fund	\$	3,109
Revenue Bond Reserve Fund		5,065
Revenue Bond Depreciation and Contingency Fund		9,753
Customers' Deposits		8,752
Total	\$	<u>26,680</u>

**NOTE 5 – FIXED ASSETS**

A summary of proprietary fund type fixed assets at December 31, 1997, is as follows:

Land	\$	1,000
Water Distribution System		1,044,603
Total		1,045,603
Less Accumulated Depreciation		<u>(932,183)</u>
Net	\$	<u>113,420</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, 1997.

Bonds Payable at January 1, 1997	\$	220,810
Less Bonds Retired		<u>(3,239)</u>
Bonds Payable at December 31, 1997		217,571
Less Current Maturities		<u>(3,300)</u>
Long-Term Bonds Payable at December 31, 1997	\$	<u>214,271</u>

Bonds Payable at December 31, 1997, 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%.	\$	74,000
Revenue Bonds— \$146,500 Water Revenue Bonds dated December 28, 1994 due in monthly installments of \$734 beginning January 28, 1995 through December 28, 2034; interest at a rate of 5.25%.		<u>140,571</u>
Total	\$	<u>217,571</u>

See accountant's compilation report.

**VILLAGE OF DOWNSVILLE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 1997**

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

The annual requirements to amortize all debt outstanding as of December 31, 1997, including interest payments of \$249,357, are as follows:

Year Ending December 31,	Principal	Interest	Total
1998	\$3,307	\$11,308	\$14,615
1999	5,571	11,308	16,879
2000	3,451	13,802	17,253
2001	3,829	13,784	17,613
2002	3,811	13,528	17,339
Thereafter	290,582	189,329	479,911
Totals	<u>\$317,551</u>	<u>\$337,959</u>	<u>\$655,510</u>

Revenue bond debt service requirements, including interest, payable to the bond sinking fund are as follows:

Year Ending December 31,	Amount
1998	\$14,471
1999	\$14,371
2000	\$14,271
2001	\$14,171
2002	\$14,071
Thereafter	\$280,258

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, 1997.

**NOTE 8 – ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Based up information available, it is probable that one water and sewer account recorded as a receivable at December 31, 1997, is uncollectible. The amount can be reasonably estimated at \$1,000 and is recorded in the allowance for doubtful accounts.

**NOTE 9 – NON-COMPLIANCE WITH REPORTING REQUIREMENTS**

The State of Louisiana's financial reporting law requires compiled annual financial statements and a report of agreed-upon procedures to be filed with the Legislative Auditor's Office within six months of the Village of Downsville's year end. The Village of Downsville did not comply with this reporting requirement.

See accountant's compilation report.

## SUPPLEMENTAL REPORT AND QUESTIONNAIRE



**DON M. McGEHEE**

CPA Professional Accounting Corporation  
P.O. Box 1244  
808 North Trenton  
Houma, Louisiana 71272-1244

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPOON PROCEDURES**

Honorable Reggie Squires, 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, 1997 included in the accompanying Louisiana Assertion 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 council member as defined by LSA-RS 42:1101 - 1104 (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. 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 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 April 9, 1997 which indicated that the budget had been approved by the mayor and council members of the Village of Downsview, 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 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 revenues and expenditures for the year did exceed budgeted amounts by more than 5%.

#### 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 all six of the 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

Four of the six payments were coded to the correct fund and general ledger account. One payment (check #1517), which should have been coded to the General Fund, was improperly coded to the Utility Fund and one payment (check #1642), which should have been coded to miscellaneous expense in the General Fund, was improperly coded to system supplies and expense in the Utility Fund.

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

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

Meetings

8. 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 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 found only one marked meeting notice and could find no other evidence supporting such assertion other than an unmarked copy of the agenda for two meetings. There were four meetings held in 1997.

Debt

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

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

Advances and Bonuses

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

A reading of the minutes of the 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. McCrehee  
Certified Public Accountant  
July 9, 1998

June 15, 1998 Date

Don M. McGhee, CPA

806 North Thibodaux  
Baton Rouge, LA 70810

(Auditor)

In connection with your compilation of our financial statements as of December 31, 1997 and for the period then ended, and as required by Louisiana Revised Statute 24:813 and the Louisiana Governmental Audit Code, 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 June 15, 1998 (Date).

#### Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 28:2212, 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 42:1121-1124.

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 42:1113.

Yes  No

#### Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 28:1361-14) or the budget requirements of LSA-RS 28:43.

Yes  No

#### Accounting and Reporting

Form 1000

**Accounting and Reporting**

All non-exempt governmental reports 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, 52:405, and/or 58:32, 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 VI, Section 8 of the 1874 Louisiana Constitution, Article VI, Section 33 of the 1924 Louisiana Constitution, and LSA-RS 47:1418.08.

Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VI, Section 14 of the 1874 Louisiana Constitution, LSA-RS 14:126, and Adj opinion 78-729.

Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contributions to the foregoing regulations. 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>Cathy A. Boubin</u>	<u>Clark</u> Commissioner	<u>6-15-98</u>	Date
	Treasurer		Date
<u>Reggie H. Gervais / RHC</u>	<u>RHC</u>	<u>6-15-98</u>	Date

Note: Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public lending 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.

## **MANAGEMENT'S RESPONSE**

VILLAGE OF DOWNSVILLE, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 1997

**SECTION I FINANCIAL STATEMENTS AND NOTES**

97-1 Annual Financial Statements – File annual financial statements with Legislative Auditor within time period required by state law by engaging accountant earlier and gathering information more timely.

We have hired Cathy Butler as the new town clerk. Cathy has experience in bookkeeping and office administration. We believe she has the ability to make gathering the information for the 1998 financial statements easier and more timely. We are also committed to improving the consistency and effectiveness of our operations. We hope to engage an accountant for the 1998 compilation/attestation engagement either before the year end or shortly thereafter.

**SECTION II AGREED-UPON PROCEDURES REPORT**

97-2 Budget Adoption – Budget should be adopted in accordance with the Louisiana Local Government Budget Act prior to year end.

As stated above, Cathy Butler has been hired as the new town clerk. We think that Cathy's bookkeeping experience will make it easier to prepare a proposed budget for 1999 by November, 1998. Also as stated above, we are trying to improve the operations of our office and hope to have the 1999 budget adopted prior to December 31, 1998.

97-3 Budget Exceeded – Budget should be monitored and amended as needed during the year to keep it within 5% variance of actual.

As stated above, Cathy Butler has been hired as the new town clerk. With her experience, we believe Cathy will be able to provide timely financial information to help us monitor the budget beginning in August, 1998. Using this information, we will propose budget amendments as needed during the year.

97-4 Meeting Agenda – Be more diligent in maintaining evidence that meeting notices and agendas were posted as required by law.

As stated above, Cathy Butler has been hired as the new town clerk. We believe that she will be more consistent in maintaining records of meeting notices and agendas prepared by Mayor Hoggie Skains beginning with the August, 1998 meeting.

VILLAGE OF DOWNSVILLE, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1997

**SECTION I FINANCIAL STATEMENTS AND NOTES**

96-1 Annual Financial Statements –  
File annual financial statements with  
Legislative Auditor within time period  
required by state law by engaging  
accountant earlier and gathering  
information more timely.

Unresolved see current year finding 97-1.

**SECTION II AGREED-UPON PROCEDURES REPORT**

96-2 Supporting Documentation –  
Supporting documentation should be  
maintained for all disbursements.

Resolved – All disbursements tested for the  
current year had supporting documentation.

96-3 Meeting Agenda – Meeting  
agendas should be posted for each  
meeting held.

Partially Resolved – See current year finding  
97-4.