

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

Inspection of documentation supporting five of the six selected disbursements indicated approval from the mayor. Documentation indicating approval by mayor for one payment was not available for inspection.

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 did not begin preparing agendas for meetings, nor did they begin posting a notice on the door of the meeting place until February, 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 one \$835 deposit which appeared to be the remaining proceeds of a \$146,000 bond issued December 28, 1994.

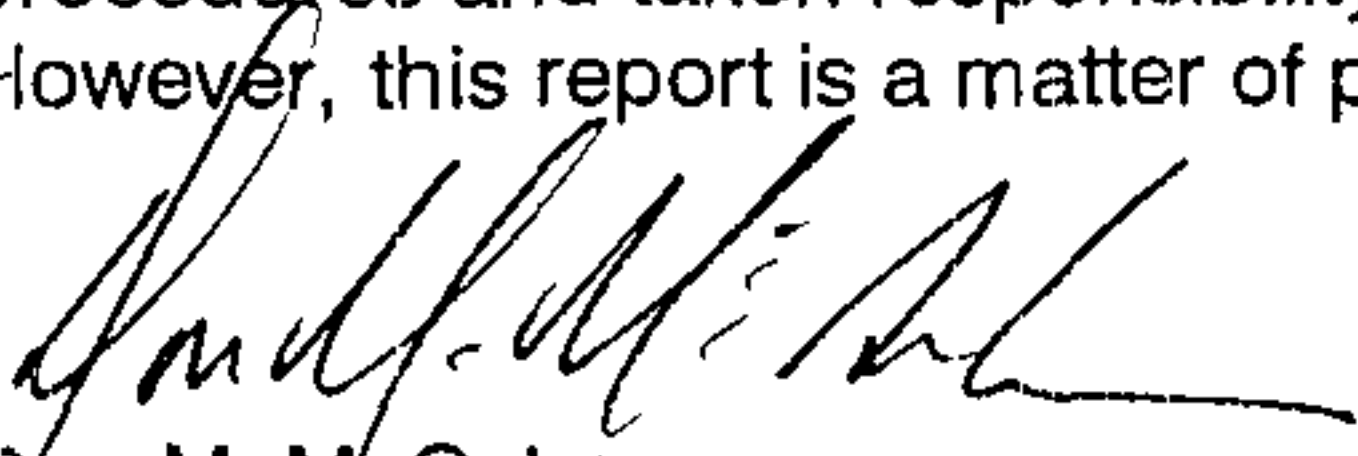
Advances and Bonuses

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
January 29, 1998

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 February 13, 1996 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 revenues and expenditures for the year did not 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 five of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. I found no supporting documentation for one payment.

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

Five of the six payments were coded to the correct fund and general ledger account. I could not find evidence needed to support coding of one payment.

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, 1996 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 one expenditure made for public works exceeding \$50,000. The expenditure in excess of \$50,000 was a partial payment on the 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.

SUPPLEMENTAL REPORT AND QUESTIONNAIRE

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 1996

NOTE 9 – ACCRUED CONTINGENCY LIABILITY

Based up information available, it is probable that one water and sewer account recorded as a receivable at December 31, 1996, is uncollectible. The amount can be reasonably estimated at \$900 and is accrued as a contingency liability.

NOTE 10 – 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.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 1996

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of December 31, 1996, including interest payments of \$249,357, are as follows:

Year Ending December 31,	Principal	Interest	Total
1997	\$3,240	\$11,373	\$14,613
1998	3,307	11,206	14,513
1999	3,371	11,036	14,407
2000	3,451	10,862	14,313
2001	3,529	10,784	14,313
Thereafter	203,912	194,096	398,008
Totals	<u>\$220,810</u>	<u>\$249,357</u>	<u>\$470,167</u>

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

Year Ending December 31,	Amount
1997	\$14,571
1998	\$14,471
1999	\$14,371
2000	\$14,271
2001	\$14,171
Thereafter	\$393,256

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, 1996.

NOTE 8 – CONTRIBUTED CAPITAL

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

Beginning Balance, Contributed Capital	\$ 88,492
Add: Farmers Home Administration Capital Grant	<u>55,508</u>
Ending Balance, Contributed Capital	<u>\$ 144,000</u>

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (continued)
 DECEMBER 31, 1996

NOTE 4 – RESTRICTED ASSETS

Restricted assets were applicable to the following at December 31:

Revenue Bond Sinking Fund	\$ 3,151
Revenue Bond Reserve Fund	4,627
Revenue Bond Depreciation and Contingency Fund	8,769
Customers' Deposits	8,677
Total	<u>\$ 25,224</u>

NOTE 5 – FIXED ASSETS

A summary of proprietary fund type fixed assets at December 31, 1996, is as follows:

Land	\$ 1,000
Water Distribution System	1,044,603
Total	<u>1,045,603</u>
Less Accumulated Depreciation	(306,068)
Net	<u>\$ 739,535</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, 1996.

Bonds Payable at January 1, 1996	\$ 223,165
Add Bonds Issued	835
Less Bonds Retired	(3,190)
Bonds Payable at December 31, 1996	<u>220,810</u>
Less Current Maturities	(3,240)
Long-Term Bonds Payable at December 31, 1995	<u>\$ 217,570</u>

Bonds Payable at December 31, 1996, 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%.	\$ 76,000
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>144,810</u>
Total	<u>\$ 220,810</u>

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 1996

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 data.

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, 1996, the bank balance was \$71,874 and the carrying amount was \$71,885 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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See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 1996

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 "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 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 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, 1996

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 1996, 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
DECEMBER 31, 1996

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
ENTERPRISE FUND – UTILITY FUND
STATEMENT OF CASH FLOWS – PROPRIETY FUND TYPE
FOR YEAR ENDED DECEMBER 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers and Users	\$ 51,064
Cash Payments for Goods and Services	(16,392)
Cash Payments to Employees	(5,787)
Net Cash Provided by Operating Activities	<u>28,885</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from Grantor	15,000
Operating Transfers to General Fund	(4,366)
Net Cash Provided by Noncapital Financing Activities	<u>10,634</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Revenue Bonds	835
Proceeds from Grant	55,508
Principal Payments on Revenue Bonds	(3,190)
Construction of Water Distribution System (including capitalized interest)	(68,833)
Interest Payments on Revenue Bonds	(11,084)
Net Cash Used by Capital and Related Financing Activities	<u>(26,764)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(17,010)
Proceeds from Sale of Investments	16,683
Interest Received	2,155
Net Cash Provided by Investing Activities	<u>1,828</u>
NET INCREASE IN CASH AND RESTRICTED CASH	14,583
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>45,763</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 60,346</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 4,306
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities –	
Depreciation	25,745
Changes in Assets and Liabilities Which Required or Provided Cash:	
(Increase) Decrease in Accounts Receivable	(1,500)
Increase (Decrease) in Accounts Payable	20
Increase (Decrease) in Accrued Liabilities	(561)
Increase (Decrease) in Accrued Contingency Liability	900
Increase (Decrease) in Customers' Deposits	(25)
Total Adjustments	<u>24,579</u>
Net Cash Provided by Operating Activities	<u>\$ 28,885</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 REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS-- PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1996

OPERATING REVENUES:	
Water Sales	\$ 37,751
Sewer Charges	13,939
TOTAL OPERATING REVENUES	<u>51,690</u>
OPERATING EXPENSES:	
Accounting	1,800
Bad Debt Expense	93
Depreciation	25,745
Dues	400
Insurance	1,347
Miscellaneous	308
Office Supplies	361
Outside Services	3,600
Salaries	5,280
System Repair and Maintenance	3,291
System Supplies and Expense	734
Taxes	77
Utilities	4,348
TOTAL OPERATING EXPENSES	<u>47,384</u>
OPERATING INCOME	4,306
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	2,492
Grant Income	15,000
Interest Expense	(10,905)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>6,587</u>
TRANSFERS TO GENERAL FUND	<u>(4,366)</u>
NET INCOME	6,527
RETAINED EARNINGS -- BEGINNING	<u>431,532</u>
RETAINED EARNINGS -- ENDING	<u>\$ 438,059</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, 1996

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE-- FAVORABLE (UNFAVORABLE)
REVENUES:			
Franchise Taxes	\$ 3,000	\$ 3,369	\$ 369
Intergovernmental-- Tobacco Tax	0	546	546
Intergovernmental-- State Revenue Sharing	0	95	95
Fines	200	0	(200)
Interest	60	34	(26)
TOTAL REVENUES	3,260	4,044	784
EXPENDITURES:			
General and Administrative			
Maintenance of Town Property	100	90	10
Miscellaneous	0	123	(123)
Office Supplies	1,000	313	687
Police Department			
Salaries	3,600	3,640	(40)
Street Department			
Street Lights	2,300	2,444	(144)
TOTAL EXPENDITURES	7,000	6,610	390
EXCESS OF REVENUES OVER EXPENDITURES	(3,740)	(2,566)	1,174
OTHER FINANCING SOURCES:			
Operating Transfer from Other Funds	3,740	4,366	626
TOTAL OTHER FINANCING SOURCES	3,740	4,366	626
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ 0	1,800	\$ 1,800
FUND BALANCE--BEGINNING		1,274	
FUND BALANCE--ENDING		\$ 3,074	

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, 1996

REVENUES:	
Franchise Taxes	\$ 3,369
Intergovernmental--Tobacco Tax	546
Intergovernmental--State Revenue Sharing	95
Interest	34
TOTAL REVENUES	<u>4,044</u>
EXPENDITURES:	
General and Administrative	
Maintenance of Town Property	90
Miscellaneous	123
Office Supplies	313
Police Department	
Salaries	3,640
Street Department	
Street Lights	2,444
TOTAL EXPENDITURES	<u>6,610</u>
EXCESS OF REVENUES	
OVER EXPENDITURES	(2,566)
OTHER FINANCING SOURCES:	
Operating Transfer from Other Funds	4,366
TOTAL OTHER FINANCING SOURCES	<u>4,366</u>
EXCESS OF REVENUES AND OTHER FINANCING	
SOURCES OVER EXPENDITURES	1,800
FUND BALANCE – BEGINNING	<u>1,274</u>
FUND BALANCE – ENDING	<u>\$ 3,074</u>

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

VILLAGE OF DOWNSVILLE, LOUISIANA
COMBINED BALANCE SHEET -- ALL FUND TYPES
DECEMBER 31, 1996

	GOVERNMENTAL FUND TYPE		PROPRIETARY FUND TYPE	TOTALS (MEMORAN- DUM ONLY)
	GENERAL FUND	ENTERPRISE FUND		
ASSETS				
Cash	\$ 2,925	\$ 35,122	\$ 38,047	38,047
Investments	0	8,614	8,614	8,614
Accounts Receivable	0	6,516	6,516	6,516
Accrued Interest Receivable	0	125	125	125
Taxes Receivable	481	0	481	481
Due from Other Governmental Units	136	0	136	136
Restricted Assets--Cash	0	25,224	25,224	25,224
Land	0	1,000	1,000	1,000
Water Distribution System	0	1,044,603	1,044,603	1,044,603
Accumulated Depreciation	0	(306,068)	(306,068)	(306,068)
Other Assets	0	30	30	30
TOTAL ASSETS	\$ 3,542	\$ 815,166	\$ 818,708	818,708
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts Payable	\$ 468	\$ 727	\$ 1,195	1,195
Accrued Expenses	0	483	483	483
Accrued Contingency Liability	0	900	900	900
Payable from Restricted Assets				
Accrued Interest Payable	0	1,510	1,510	1,510
Current portion of Revenue Bonds Payable	0	3,240	3,240	3,240
Customer Deposits	0	8,677	8,677	8,677
Revenue Bonds Payable	0	217,570	217,570	217,570
TOTAL LIABILITIES	468	233,107	233,575	233,575
EQUITY:				
Contributed Capital--				
Capital Grants	0	144,000	144,000	144,000
Retained Earnings---				
Reserved	0	11,797	11,797	11,797
Unreserved	0	426,262	426,262	426,262
Fund Balances---				
Unreserved and Undesignated	3,074	0	3,074	3,074
TOTAL EQUITY	3,074	582,059	585,133	585,133
TOTAL LIABILITIES AND EQUITY	\$ 3,542	\$ 815,166	\$ 818,708	818,708

See accountant's compilation report.

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

GENERAL PURPOSE FINANCIAL STATEMENTS

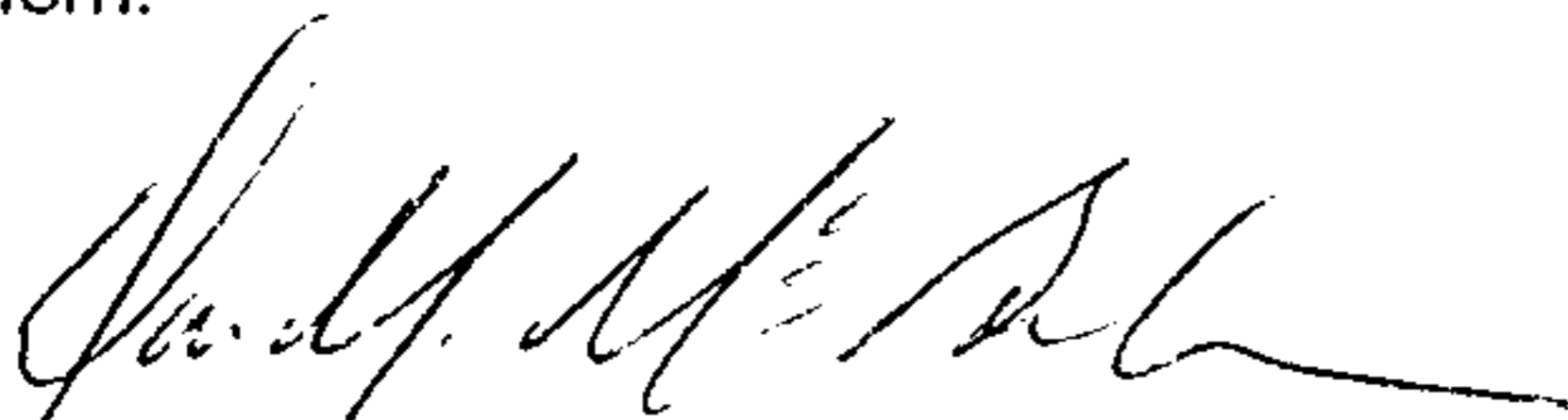
DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

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, 1996, 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
January 29, 1998

VILLAGE OF DOWNSVILLE, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 1996

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LOUISIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 1996**

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Release Date ~~MAR 04 1998~~