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**VILLAGE OF DOWNSVILLE
LOUISIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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

Release Date 7-21-04

VILLAGE OF DOWNSVILLE, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2003

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McGEHEE AND KEEN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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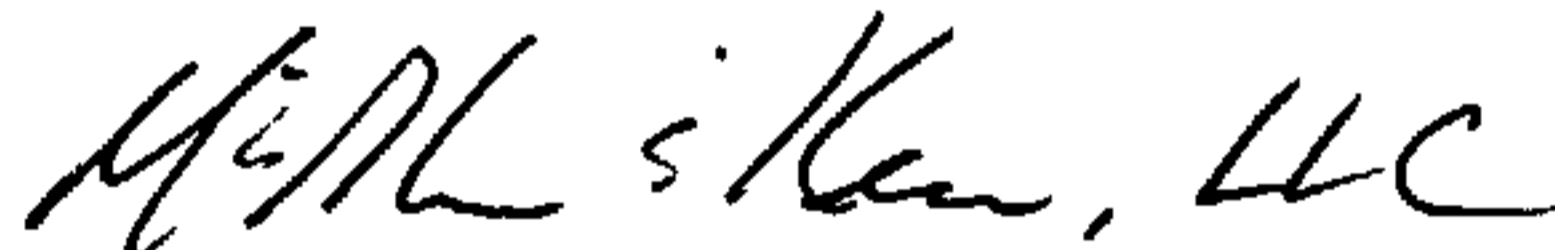
ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying general purpose financial statements of the Village of Downsville, Louisiana, as of December 31, 2003 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. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated June 14, 2004, on the results of our agreed-upon procedures.



McGehee and Keen, LLC
Certified Public Accountants
June 14, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF DOWNSVILLE, LOUISIANA
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2002

	Governmental	Proprietary	Account Group	Totals	
	Fund Type	Fund Type	General	(Memorandum Only)	
	General Fund	Enterprise Fund	Fixed Assets	2003	2002
ASSETS					
Current Assets:					
Cash	\$ 12,556	\$ 5,898	\$ 0	\$ 18,454	\$ 25,029
Accounts Receivable, net	0	6,831	0	6,831	6,972
Interest Receivable	0	249	0	249	239
Taxes Receivable	850	0	0	850	840
Due from Other Funds	1,219	0	0	1,219	1,219
Restricted Assets:					
Cash	0	17,989	0	17,989	25,592
Investments	0	11,664	0	11,664	11,352
Fixed Assets:					
Land	0	1,000	0	1,000	1,000
Equipment	0	2,949	10,000	12,949	3,449
Water Distribution System	0	1,076,139	0	1,076,139	1,076,139
Accumulated Depreciation	0	(498,456)	0	(498,456)	(471,467)
Other Assets	0	30	0	30	30
TOTAL ASSETS	\$ 14,625	\$ 624,293	\$ 10,000	\$ 648,918	\$ 680,394
LIABILITIES AND EQUITY					
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$ 1,418	\$ 6,589	\$ 0	\$ 8,007	\$ 4,525
Accrued Expenses	0	561	0	561	581
Due to Other Funds	0	1,219	0	1,219	1,219
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	0	1,239	0	1,239	1,277
Revenue Bonds Payable	0	3,789	0	3,789	3,698
Customer Deposits	0	10,802	0	10,802	10,427
Noncurrent Liabilities:					
Revenue Bonds Payable	0	192,809	0	192,809	196,598
TOTAL LIABILITIES	1,418	217,008	0	218,426	218,325
EQUITY:					
Investment in Fixed Assets	0	0	10,000	10,000	500
Contributed Capital	0	174,000	0	174,000	174,000
Retained Earnings:					
Reserved	0	13,824	0	13,824	21,542
Unreserved	0	219,461	0	219,461	245,815
Total Retained Earnings	0	233,285	0	233,285	267,357
Fund Balances--					
Unreserved and Undesignated	13,207	0	0	13,207	20,212
TOTAL EQUITY	13,207	407,285	10,000	430,492	462,069
TOTAL LIABILITIES AND EQUITY	\$ 14,625	\$ 624,293	\$ 10,000	\$ 648,918	\$ 680,394

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

VILLAGE OF DOWNSVILLE, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE--GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
REVENUES		
Franchise Taxes	\$ 3,815	\$ 3,538
Intergovernmental-State Revenue Sharing	36	27
Miscellaneous	480	95
Interest	244	311
TOTAL REVENUE	4,575	3,971
EXPENDITURES		
General Government		
Dues	80	375
Election	221	0
Legal Fees	0	1,552
Miscellaneous	65	215
Office Supplies	134	62
Travel	0	549
Capital Outlay	682	0
Police Department		
Auto Expense	257	0
Insurance	765	0
Miscellaneous	147	0
Salaries	3,360	3,360
Capital Outlay	654	0
Street Department		
Street Lights	2,307	2,024
Park and Recreation Department		
Professional Fees	500	0
Capital Outlay	8,164	0
TOTAL EXPENDITURES	17,336	8,137
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(12,761)	(4,166)
OTHER FINANCING SOURCES		
Operating Transfer In--Utility Fund	5,756	5,900
TOTAL OTHER FINANCING SOURCES	5,756	5,900
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(7,005)	1,734
FUND BALANCE-BEGINNING	20,212	18,478
FUND BALANCE-ENDING	\$ 13,207	\$ 20,212

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

VILLAGE OF DOWNSVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
--BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL FUND		
	Budget	Actual	Variance-- Favorable (Unfavorable)
REVENUES			
Franchise Taxes	\$ 3,850	\$ 3,815	\$ (35)
Intergovernmental-Revenue Sharing	50	36	(14)
Licenses	100	0	(100)
Miscellaneous	500	480	(20)
Interest	260	244	(16)
TOTAL REVENUE	4,760	4,575	(185)
 EXPENDITURES			
General Government			
Dues	0	80	(80)
Election	250	221	29
Maintenance of Town Property	200	0	200
Miscellaneous	300	65	235
Office Supplies	100	134	(34)
Capital Outlay	0	682	(682)
Police			
Auto Expense	700	257	443
Insurance	775	765	10
Miscellaneous	0	147	(147)
Salary	3,360	3,360	0
Capital Outlay	0	654	(654)
Street			
Street Lights	2,500	2,307	193
Park and Recreation			
Professional Fees	0	500	(500)
Capital Outlay	0	8,164	(8,164)
TOTAL EXPENDITURES	8,185	17,336	(9,151)
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,425)	(12,761)	(9,336)
 OTHER FINANCING SOURCES			
Operating Transfer In--Utility Fund	5,900	5,756	(144)
TOTAL OTHER FINANCING SOURCES	5,900	5,756	(144)
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	2,475	(7,005)	(9,480)
 FUND BALANCE-BEGINNING	17,026	20,212	3,186
 FUND BALANCE-ENDING	\$ 19,501	\$ 13,207	\$ (6,294)

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

VILLAGE OF DOWNSVILLE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS--PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES		
Water Sales	\$ 34,453	\$ 34,709
Sewer Charges	<u>11,777</u>	<u>12,019</u>
TOTAL OPERATING REVENUES	<u>46,230</u>	<u>46,728</u>
OPERATING EXPENSES		
Accounting	2,600	3,250
Bad Debt Expense	305	2,000
Depreciation	26,989	27,020
Dues	784	710
Insurance	1,404	2,008
Miscellaneous	0	625
Office Supplies	837	1,303
Outside Services	3,600	3,600
Professional Fees	4,230	2,292
Safe Drinking Water Fee	199	204
Salaries	5,122	5,122
System Repair and Maintenance	26,751	4,796
System Supplies and Expense	1,077	470
Taxes-Payroll	392	392
Telephone and Utilities	<u>5,638</u>	<u>4,965</u>
TOTAL OPERATING EXPENSES	<u>79,928</u>	<u>58,757</u>
OPERATING LOSS	(33,698)	(12,029)
NON-OPERATING REVENUES AND EXPENSES		
Operating Grant	14,971	0
Interest Income	687	932
Interest Expense	<u>(10,276)</u>	<u>(10,463)</u>
NET NON-OPERATING REVENUES (EXPENSES)	<u>5,382</u>	<u>(9,531)</u>
LOSS BEFORE OPERATING TRANSFERS	(28,316)	(21,560)
OPERATING TRANSFERS TO OTHER FUNDS		
Transfer Out to General Fund	<u>(5,756)</u>	<u>(5,900)</u>
TOTAL OPERATING TRANSFERS TO OTHER FUNDS	<u>(5,756)</u>	<u>(5,900)</u>
NET LOSS	(34,072)	(27,460)
RETAINED EARNINGS - BEGINNING	<u>267,357</u>	<u>294,817</u>
RETAINED EARNINGS - ENDING	<u>\$ 233,285</u>	<u>\$ 267,357</u>

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

VILLAGE OF DOWNSVILLE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
STATEMENTS OF CASH FLOWS--PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 46,746	\$ 48,123
Cash Payments for Goods and Services	(45,321)	(23,691)
Cash Payments for Salaries and Wages	<u>(5,122)</u>	<u>(5,122)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,697)</u>	<u>19,310</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Operating Grant	14,971	0
Operating Transfers to General Fund	<u>(5,756)</u>	<u>(5,900)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>9,215</u>	<u>(5,900)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Revenue Bonds	(3,698)	(3,611)
Interest Payments on Revenue Bonds	<u>(10,315)</u>	<u>(10,501)</u>
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(14,013)</u>	<u>(14,112)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	11,352	11,081
Purchase of Investments	(11,664)	(11,352)
Interest Received	<u>678</u>	<u>841</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>366</u>	<u>570</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,129)	(132)
CASH AT BEGINNING OF YEAR	<u>32,016</u>	<u>32,148</u>
CASH AT END OF YEAR	<u>\$ 23,887</u>	<u>\$ 32,016</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	\$ (33,698)	\$ (12,029)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--		
Depreciation	26,989	27,020
(Increase) Decrease in Accounts Receivable	141	1,246
Increase (Decrease) in Accounts Payable	2,516	2,951
Increase (Decrease) in Accrued Expenses	(20)	(28)
Increase (Decrease) in Customers' Deposits	<u>375</u>	<u>150</u>
Total Adjustments	<u>30,001</u>	<u>31,339</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,697)</u>	<u>\$ 19,310</u>

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

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Fund Accounting

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

Governmental Funds--

General Fund

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

Proprietary Funds--

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Fixed Assets--

General Fixed Asset Account Group

Fixed asset holdings are accounted for in the general fixed asset account group, and the purchases of fixed assets are recorded as expenditures when acquired. No depreciation has been provided on these general fixed assets. The fixed assets are at historical cost.

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 in net total assets. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

D. Basis of Accounting

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

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

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

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

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Practices

The Village of Downsville, Louisiana, adopted an operating budget, on a basis consistent with generally accepted accounting principles, on its governmental fund type for the year ended December 31, 2003, as required by generally accepted accounting principles as applicable to governmental units, and as required by Louisiana law. Prior to the year ended December 31, 2003, the Village adopted an amended budget for the general fund approving revisions to expenditures. The amended budget is presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

F. Cash and Cash Equivalents

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

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

G. Restricted Assets

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

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

H. Reserves

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

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

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

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

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Vacation and Sick Leave

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

J. Statement of Cash Flows

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

K. Use of Estimates

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

L. Fixed Assets

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

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

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

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

M. Memorandum Only - Total Columns

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

N. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 2 - CASH AND INVESTMENTS

The Village maintains its cash and investment accounts in First United Bank and Iberia 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 of the Village's cash consisted of interest bearing demand deposits, while investments consisted of one certificate of deposit. At December 31, 2003, the bank balance was \$56,137 and the carrying amount was \$48,107 for all accounts, which was covered by FDIC insurance.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable consisted of customer billings for water and sewer usage. There were twenty customer accounts totaling \$6,334 past due at December 31, 2003; six of these accounts totaling \$2,531 are no longer active. Accounts Receivable, including the allowance for uncollectible accounts, at December 31, 2003 and 2002, were as follows:

	2003	2002
Water Sales and Sewer Charges Receivable	\$ 9,831	\$ 9,972
Less: Allowance for Doubtful Accounts	(3,000)	(3,000)
Net Accounts Receivable	\$ 6,831	\$ 6,972

NOTE 4 - RESTRICTED ASSETS--PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31, 2003 and 2002:

	2003	2002
Revenue Bond Sinking Fund	\$ 2,859	\$ 2,901
Revenue Bond Reserve Fund	8,835	8,943
Revenue Bond Depreciation and Contingency Fund	7,157	14,673
Customers' Deposits	10,802	10,427
Total	\$ 29,653	\$ 36,944

During 2003, Rural Development, the bond holder, approved the release of \$8,500 from the depreciation and contingency fund for sewer repairs.

NOTE 5 - LONG-TERM DEBT

The following is a summary of bond transactions of the Village of Downsville for the year ended December 31, 2003:

Bonds Payable at January 1	\$ 200,296
Less Bonds Retired	(3,698)
Bonds Payable at December 31	196,598
Less Current Maturities	(3,789)
Long-Term Bonds Payable at December 31, 2003	\$ 192,809

Bonds Payable at December 31, 2003, were comprised of the following issues:

Revenue Bonds--\$92,800 Water and Sewer Revenue Bonds dated August 14, 1980, due in various annual installments from \$5,000 to \$6,000 through August 14, 2020; interest at a rate of 5%.	\$ 62,000
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%	134,598
Total	\$ 196,598

See accountant's compilation report.

VILLAGE OF DOWNSVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 6 - LONG-TERM DEBT (continued)

The annual debt service requirements to maturity for outstanding revenue bonds as of December 31, 2003, is as follows:

Year Ending <u>December 31,</u>	<u>\$92,800 Bonds</u>		<u>\$146,000 Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2004	\$ 2,000	\$ 3,100	\$ 1,789	\$ 7,024	\$ 13,913
2005	2,000	3,000	1,885	6,928	13,813
2006	3,000	2,900	1,986	6,826	14,712
2007	3,000	2,750	2,093	6,719	14,562
2008	3,000	2,600	2,206	6,607	14,413
2009-2013	16,000	10,750	12,941	31,121	70,812
2014-2018	22,000	6,200	16,817	27,246	72,263
2019-2023	11,000	850	21,852	22,211	55,913
2024-2028	0	0	28,395	15,668	44,063
2029-2033	0	0	36,898	7,165	44,063
2034	0	0	7,736	201	7,937
Totals	<u>\$ 62,000</u>	<u>\$ 32,150</u>	<u>\$ 134,598</u>	<u>\$137,716</u>	<u>\$ 366,464</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 6 - COMMITMENTS

The Village was approved for a \$267,375 Walking Trails Enhancement Grant from the Louisiana Department of Transportation and Development, a \$281,000 Water Well Grant from the Louisiana Department of Health and Hospitals and the United States Department of Agriculture-Rural Development, and a \$109,815 Ballpark Grant from the Louisiana Office of State Parks. The Village awarded Continental Drilling and Service, Inc. a contract for \$271,748 on December 23, 2003, for construction of the water well.

NOTE 7 - COMPENSATION PAID THE COUNCIL MEMBERS

The Council members did not accept any compensation for the year ended December 31, 2003.

AGREED-UPON PROCEDURES

McGEHEE AND KEEN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

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

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

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Village of Downsville and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Downsville's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

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

Code of Ethics for Public Officials and Public Employees

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

Management provided 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).

Budgeting

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

Management provided us with copies of the approved 2003 general fund budget. There was an amendment made to the 2003 budget during the year.

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

We traced the adoption of the original 2003 general fund budget to the minutes of a meeting held on December 10, 2002, which indicated that the budget had been approved by the mayor and council members of the Village of Downsville. We also traced to the minutes of a meeting held on November 11, 2003, which indicated the budget amendment had been approved by the mayor and council members.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues failed to meet budgeted amounts, but by less than 5%; actual expenses exceed budgeted amounts by more than 5%.

Accounting and Reporting

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

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

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

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

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

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

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

Meetings

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

The Village of Downsville is only required to post a notice of each meeting and the accompanying agenda on the door of the meeting place. We found marked copies of the notices and agendas for the meetings, signed by the clerk indicating that they were posted properly, except for one special meeting.

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.

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

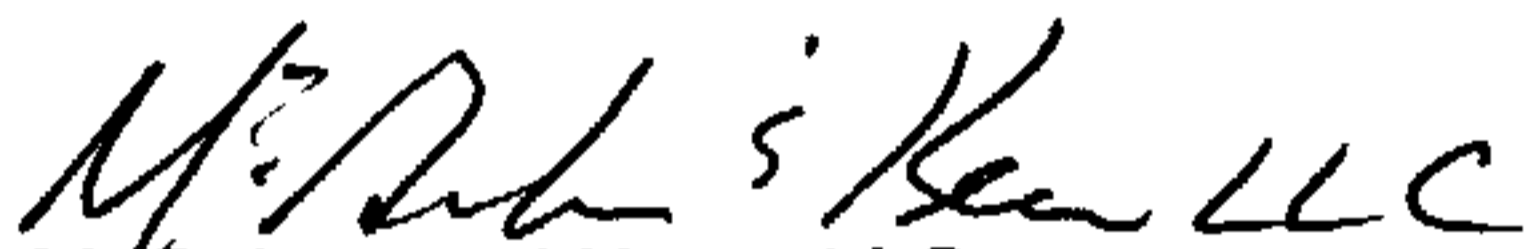
Advances and Bonuses

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

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

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

This report is intended solely for the use of management of the Village 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



McGehee and Keen, LLC
Certified Public Accountants
June 14, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
June 8, 2004 (Date Transmitted)

Don M. McGehee, PCA
806 North Trenton
Buston, LA 71290

(Auditors)

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

These representations are based on the information available to us as of (date of completion/representations). June 8, 2003

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..
Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

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

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.
Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.
Yes [] No []

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

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

<u>Cathy A Butler</u>	Clerk		
	Secretary	6-8-04	Date
<hr/>			
	Treasurer		Date
<u>Reggie J. Shum</u>	Mayor	6/8/04	Date
	President		

OTHER REPORTS

VILLAGE OF DOWNSVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2003

SECTION I AGREED-UPON PROCEDURES REPORT

FINDINGS

2003-1 An unfavorable budget variance was found that exceeded 5%. Actual expenses and operating transfers were \$8,212 or 100%, over budgeted amounts. Capital outlay for the ball park of \$8,164 was not budgeted by the Village because the clerk did not realize this expense would be included in the general fund. We recommend monitoring expenses during the year to identify potential budget amendments.

2003-2 An agenda was not prepared and posted for a special meeting that was held on December 23, 2003. We recommend that the clerk prepare an agenda for all meetings and post the agenda, as required by state law.

MANAGEMENT'S RESPONSES

The clerk, Cathy Butler, will monitor budget and actual expense variances beginning in June, 2004. She will notify the Mayor if it appears that expenses are going to exceed budget expectations. The mayor will determine if a budget amendment is needed and present it to the council for approval.

The clerk, Cathy Butler, will be more diligent in posting agendas for all meetings, as required by state law.

VILLAGE OF DOWNSVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

SECTION I AGREED-UPON PROCEDURES REPORT

FINDINGS	CURRENT YEAR STATUS
2002-1 An unfavorable budget variance in excess of 5% for revenues.	Partially Resolved. 2003-1.