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LEGISLATIVE AUDITOR

VILLAGE OF NORWOOD, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 1996

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

Release Date FEB 26 1997

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

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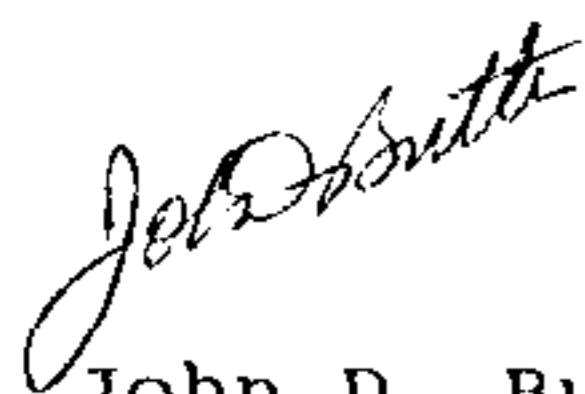
INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor Iris Jelks and
Board of Aldermen
Village of Norwood
P. O. Box 39
Norwood, Louisiana 70761

We have compiled the accompanying balance sheets of the Village of Norwood's General, Special Revenue, Water, Sewer, and Fire Funds as of June 30, 1996, and the related statements of Revenues, expenditures, and changes in fund balances for the governmental funds and the related statements of revenues, expenses, cash flows and changes in retained earnings for the proprietary funds for the year then ended.

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 terms of our engagement, we have also issued a report on applying agreed-upon procedures dated September 20, 1996.



John D. Butler & Company, APAC
September 20, 1996

VILLAGE OF NORWOOD, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND
 ACCOUNT GROUPS
 JUNE 30, 1996

Governmental Fund Types

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Cash	\$45,321.54	\$34,696.38	\$ -0-
Receivables (net of allowance for uncollectible accounts)	-0-	-0-	-0-
Due from Capital Projects Fund	100.00	-0-	-0-
Restricted Assets:			
Cash	-0-	-0-	37.88
Fixed assets (net of accumulated depreciation)	-0-	-0-	-0-
<u>Total Assets</u>	<u>45,421.54</u>	<u>34,696.38</u>	<u>37.88</u>
	=====		
 <u>LIABILITIES</u>			
Accounts payable	156.19	-0-	-0-
Notes payable	-0-	-0-	-0-
Due to General Fund	-0-	-0-	100.00
Payables from restricted assets:			
Customer meter deposits	-0-	-0-	-0-
Reserve for debt retirement	-0-	-0-	-0-
Reserve for depreciation contingency	-0-	-0-	-0-
<u>Total Liabilities</u>	<u>156.19</u>	<u>-0-</u>	<u>100.00</u>
 <u>FUND EQUITY</u>			
Investment in general fixed assets	-0-	-0-	-0-
Contributed Capital	-0-	-0-	-0-
Retained earnings - unreserved (deficit)	-0-	-0-	-0-
Fund Balance - unrestricted (deficit)	45,265.35	34,696.38	(62.12)
<u>Total Fund Equity</u>	<u>45,265.35</u>	<u>34,696.38</u>	<u>(62.12)</u>
<u>Total Liabilities and Fund Equity</u>	<u>45,421.54</u>	<u>34,696.38</u>	<u>37.88</u>
	=====		

See Accountant's Compilation Report

<u>Proprietary Fund Types</u>			<u>Accounts Groups</u>	
<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	<u>General Fixed Assets</u>	<u>(memo only) Total</u>
\$4,537.78	\$21,982.71	\$4,722.90	\$ -0-	\$111,261.31
4,250.84	2,287.88	-0-	-0-	6,538.72
-0-	-0-	-0-	-0-	100.00
22,568.37	11,127.34	-0-	-0-	33,733.59
35,251.33	1,159,325.12	118,002.94	150,759.00	1,463,338.39
66,608.32	1,194,723.05	122,725.84	150,759.00	1,614,972.01
=====				
342.79	-0-	-0-	-0-	498.98
62,834.79	106,916.05	47,203.08	-0-	216,953.92
-0-	-0-	-0-	-0-	100.00
7,139.45	-0-	-0-	-0-	7,139.45
8,736.75	5,563.67	-0-	-0-	14,300.42
3,408.64	5,563.67	-0-	-0-	8,972.31
82,462.42	118,043.39	47,203.08	-0-	247,965.08
-0-	-0-	-0-	150,759.00	150,759.00
-0-	668,107.51	80,726.91	-0-	748,834.42
(15,854.10)	408,572.15	(5,204.15)	-0-	387,513.90
-0-	-0-	-0-	-0-	79,899.61
(15,854.10)	1,076,679.66	75,522.76	150,759.00	1,367,006.93
66,608.32	1,194,723.05	122,725.84	150,759.00	1,614,972.01
=====				

VILLAGE OF NORWOOD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>(memo only) Total</u>
Revenues:			
Tobacco tax	\$ 2,070.92	\$ -0-	\$ 2,070.92
Occupational license	10,201.20	-0-	10,201.20
Beer license	300.00	-0-	300.00
Liquor license	1,050.00	-0-	1,050.00
Fines	1,735.00	-0-	1,735.00
Beer tax	2,440.57	-0-	2,440.57
State Revenue Sharing	3,324.00	-0-	3,324.00
Gulf States franchise tax	10,808.42	-0-	10,808.42
Gulf American Cable	759.67	-0-	759.67
Video poker fees	5,193.67	-0-	5,193.67
Miscellaneous income	584.00	-0-	584.00
Grant	3,500.00	-0-	3,500.00
E. Feliciana sales tax	-0-	19,021.59	19,021.59
LA Dept. of Transportation	-0-	1,519.65	1,519.65
Total Revenues	41,967.45	20,541.24	62,508.69
Expenditures:			
Salaries - village	9,390.00	-0-	9,390.00
Salaries - police	4,024.04	-0-	4,024.04
Payroll taxes	1,064.01	-0-	1,064.01
Utilities	58.42	4,768.68	4,827.10
Insurance - village	1,013.71	348.03	1,361.74
Office expense - village	127.46	-0-	127.46
Repairs & maintenance	395.99	6,031.34	6,427.33
Telephone - village	982.24	-0-	982.24
Public notices	267.70	-0-	267.70
Postage	151.99	-0-	151.99
Miscellaneous expense	2,653.09	116.17	2,769.26
Gas & Oil - police	496.36	-0-	496.36
Insurance - police	1,007.03	-0-	1,007.03
Office expense - police	26.95	-0-	26.95
Repairs & Maint. - police	911.90	-0-	911.90
Telephone- police	323.56	-0-	323.56
Gas & oil	-0-	841.81	841.81
Contract labor	-0-	1,045.00	1,045.00
Legal & accounting	1,370.20	-0-	1,370.20
Total Expenditures	24,264.65	13,151.03	37,415.68

"continued"

VILLAGE OF NORWOOD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>(memo only) Total</u>
Excess of Revenues Over Expenditures	\$ 17,702.80	\$ 7,390.21	\$ 25,093.01
Other Financing Sources (Uses): Transfer to Fire Dept.	<u>(2,916.00)</u>	<u>-0-</u>	<u>(2,916.00)</u>
Excess of Revenues and Other financing Sources over Expenditures and Other Financing Uses	14,786.80	7,390.21	22,177.01
Fund Balance, beginning of period	<u>30,478.55</u>	<u>27,306.17</u>	<u>57,784.72</u>
Fund Balance, end of period	<u>45,265.35</u>	<u>34,696.38</u>	<u>79,961.73</u>

See Accountant's Compilation Report

VILLAGE OF NORWOOD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS -
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	(memo only) <u>Total</u>
Operating Revenues:				
Charges for services	\$34,775.54	\$17,974.92	\$ -0-	\$52,750.46
Hook-up fees	100.00	-0-	-0-	100.00
Donations	-0-	-0-	241.80	241.80
Project revenues	-0-	-0-	5,006.70	5,006.70
Washing	-0-	-0-	600.00	600.00
Insurance rebate	-0-	-0-	1,528.97	1,528.97
Dues	-0-	-0-	420.00	420.00
Miscellaneous income	15.30	-0-	1,428.50	1,443.80
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenue	34,890.84	17,974.92	9,225.97	62,091.73
Operating Expenses:				
Salaries	13,860.00	-0-	-0-	13,860.00
Payroll taxes	1,117.17	-0-	-0-	1,117.17
Insurance	1,664.66	-0-	1,650.00	3,314.66
Utilities	3,163.32	4,171.98	981.45	8,316.75
Postage & office	25.79	-0-	51.20	76.99
Repairs & maintenance	5,964.29	-0-	465.92	6,430.21
Gas & Oil	-0-	-0-	133.90	133.90
Depreciation	4,325.04	16,933.92	8,740.96	29,999.92
Project expense	-0-	-0-	2,442.96	2,442.96
Sales tax	1,363.00	-0-	-0-	1,363.00
Miscellaneous expense	9,333.81	952.62	953.33	11,239.76
Office expense	531.34	-0-	28.06	559.40
Bad debts	(82.29)	(109.47)	-0-	(191.76)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	41,266.13	21,949.05	15,447.78	78,662.96
Operating income (loss)	(6,375.29)	(3,974.13)	(6,221.81)	(16,571.23)
Non-Operating Revenues (Expenses)				
Interest income	620.39	315.86	-0-	936.25
Interest expense	(2,807.93)	(5,517.97)	(3,760.26)	(12,086.16)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(2,187.54)	(5,202.11)	(3,760.26)	(11,149.91)
Income (Loss) before Other Financing Sources (Uses)	(8,562.83)	(9,176.24)	(9,982.07)	(27,721.14)

continued

VILLAGE OF NORWOOD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS - CONTINUED
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	(memo only) <u>Total</u>
Other Financing Sources (Uses):				
Transfer from General Fund	<u>-0-</u>	<u>-0-</u>	<u>2,916.00</u>	<u>2,916.00</u>
Net Income (Loss)	(8,562.83)	(9,176.24)	(7,066.07)	(24,805.14)
Retained Earnings, beginning of year (deficit)	(5,946.72)	401,874.33	1,861.92	397,789.53
Charge to Contributed Capital	-0-	16,933.92	-0-	16,933.92
Increase in Restricted Cash	<u>(1,344.55)</u>	<u>(1,059.86)</u>	<u>-0-</u>	<u>(2,404.41)</u>
Retained Earnings, end of year	(15,854.10)	408,572.15	(5,204.15)	387,513.90
	=====			

See Accountant's Compilation Report

VILLAGE OF NORWOOD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>General Fund</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Tobacco tax	\$ 2,000.00	\$ 2,070.92	\$ 70.92
Occupational license	5,500.00	10,201.20	4,701.20
Beer license	100.00	300.00	200.00
Liquor license	500.00	1,050.00	550.00
Fines	5,000.00	1,735.00	(3,265.00)
Beer tax	1,550.00	2,440.57	890.57
State Revenue Sharing	3,200.00	3,324.00	124.00
Gulf States franchise tax	10,000.00	10,808.42	808.42
Gulf American Cable	500.00	759.67	259.67
Gulf American Cable lease	400.00	-0-	(400.00)
Video poker fees	6,000.00	5,193.67	(806.33)
East Feliciana sales tax	-0-	-0-	-0-
LA Dept. of Transportation	-0-	-0-	-0-
Miscellaneous income	-0-	4,084.00	4,084.00
	<hr/>	<hr/>	<hr/>
Total Revenues	34,750.00	41,967.45	7,217.45
Expenditures:			
Salaries - village	8,700.00	9,390.00	(690.00)
Salaries - police	4,500.00	4,024.04	475.96
Payroll taxes	1,100.00	1,064.01	35.99
Utilities	500.00	58.42	441.58
Insurance - village	600.00	1,013.71	(413.71)
Insurance - Police	1,000.00	1,007.03	(7.03)
Office expense - village	500.00	127.46	372.54
Office expense - Police	200.00	26.95	173.05
Repairs & maintenance	7,500.00	395.99	7,104.01
Telephone - village	900.00	982.24	(82.24)
Telephone - Police	600.00	323.56	276.44
Legal & accounting	2,000.00	1,370.20	629.80
Public notices	300.00	267.70	32.30
Postage	200.00	151.99	48.01
Dues & subscription	125.00	-0-	125.00
Miscellaneous expense	800.00	2,653.09	(1,853.09)
Gas & oil	1,500.00	496.36	1,003.64
Contract labor	-0-	-0-	-0-
Repairs & maintenance - police	600.00	911.90	(311.90)
	<hr/>	<hr/>	<hr/>
Total Expenditures	31,625.00	24,264.65	7,360.35
Excess of Revenues Over Expenditures	3,125.00	17,702.80	14,577.80
Other Financing Sources (Uses):			
Transfer to Fire Dept.	3,000.00	2,916.00	84.00

Special Revenue Fund		Favorable
<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
\$ -0-	\$ -0-	\$ -0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
15,500.00	19,021.59	3,521.59
3,040.00	1,519.65	(1,520.35)
-0-	-0-	-0-
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18,540.00	20,541.24	2,001.24
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
4,400.00	4,768.68	(368.68)
500.00	348.03	151.97
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
10,000.00	6,031.34	3,968.66
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
500.00	116.17	383.83
1,200.00	841.81	358.19
1,800.00	1,045.00	755.00
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18,400.00	13,151.03	5,248.97
140.00	7,390.21	7,250.21
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VILLAGE OF NORWOOD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES - CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>General Fund</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	125.00	14,786.80	14,661.80
Fund Balance, beginning of year	<u>23,114.74</u>	<u>30,478.55</u>	<u>7,363.81</u>
Fund Balance, end of year	<u>23,239.74</u>	<u>45,265.35</u>	<u>22,025.61</u>

See Accountant's Compilation Report

Special Revenue Fund		Favorable
<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
\$ 140.00	\$ 7,390.21	\$ 7,250.21
<u>27,306.17</u>	<u>27,306.17</u>	<u>-0-</u>
27,446.17	34,696.38	7,250.21
=====	=====	=====

<u>Sewer</u>	<u>Fire</u>	(memo only) <u>Total</u>
\$16,555.96	\$ 9,544.97	\$ 60,085.78
(5,015.13)	(7,025.82)	(48,910.63)
11,540.83	2,519.15	11,175.15
(1,922.03)	(3,739.74)	(10,407.84)
(5,517.97)	(3,760.26)	(12,086.16)
-0-	2,916.00	2,916.00
(7,440.00)	(4,584.00)	(19,578.00)
<u>315.86</u>	<u>-0-</u>	<u>936.25</u>
<u>315.86</u>	<u>-0-</u>	<u>936.25</u>
4,416.69	(2,064.85)	(7,466.60)
<u>28,693.36</u>	<u>6,787.75</u>	<u>72,405.70</u>
33,110.05	4,722.90	64,939.10
=====	=====	=====
(3,974.13)	(6,221.81)	(16,571.23)
(1,418.96)	-0-	(3,208.15)
16,933.92	8,740.96	29,999.92
-0-	-0-	71.41
<u>-0-</u>	<u>-0-</u>	<u>883.20</u>
<u>15,514.96</u>	<u>8,740.96</u>	<u>27,746.38</u>
11,540.83	2,519.15	11,175.15
=====	=====	=====

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Norwood was incorporated January 18, 1948, under the provisions of the Lawrason Act (LSAR.S. 33:321-463). The Village operates under a Mayor-Board of Aldermen form of government. This report includes all funds which are controlled by or are dependent on the Mayor and Board of Aldermen. Control by or dependence on the Village was determined on the basis of election or appointment of the governing body and other general oversight responsibility. The Village provides the following services: public safety (police), water and sewer and fire protection.

A. FUND ACCOUNTING

The accounts of the Village 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. Government 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 of this report, into three generic fund types and two broad fund categories 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.

Special Revenue Fund - This fund is used to account for the proceeds of a specific revenue source that is legally restricted to expenditures for a specified purpose.

Proprietary Funds

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

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1996

B. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of "available spendable resources".

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Public domain (infrastructure, roads, bridges, etc.) are not included in these statements.

All fixed assets are valued at estimated historical cost because actual historical cost is not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

These two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with measurement of results or operations.

The proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on the balance sheet.

C. BASIS OF ACCOUNTING

Revenue and expense items are recorded using the cash basis for the governmental fund types and a modified accrual basis for the proprietary fund types. The governmental fund types recognize revenues and related assets when received rather than when earned, and expenses are recognized when paid rather than when incurred.

The proprietary fund types use the accrual basis of accounting.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1996

D. CASH AND CASH EQUIVALENTS

The Village has its money in qualified banks as follows:

demand deposits	\$111,261.31
time deposits	<u>33,733.59</u>
	144,994.90
	=====

Under State law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The cash, \$144,994.90 at June 30, 1996, is fully secured by federal deposit insurance and pledged securities, except for the \$11,261.31 in the demand deposits.

E. BUDGET PRACTICES

The Village adopts an annual budget for the General Fund, Special Revenue Fund, and both Enterprises Funds. The annual budgets are prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenses must be approved by the Board of Aldermen.

F. TOTAL COLUMN ON STATEMENT

The total column on the combined statements are captioned "memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

G. COMPLIANCE WITH LOAN AGREEMENT AND BOND INDENTURE

The Village has not complied with certain terms and conditions contained in the water system's loan agreement and the sewer system's bond indenture with the Farmers Home Administration. Specifically, the Village did not obtain an annual audit since 1984, as required by both the water system's loan agreement and the sewer system's bond indenture. Due to economic conditions, the Village was unable to furnish an audit annually. However, a review was completed at June 30, 1992, and a program audit for the Capital Projects Fund at June 30, 1993.

An audit at June 30, 1994, satisfied the requirements at that date.

VILLAGE OF NORWOOD, LOUISIANA
 NOTES TO FINANCIAL STATEMENT
 FOR THE YEAR ENDED JUNE 30, 1996

2. LONG-TERM DEBT
 Annual requirements to amortize long-term debt for the next 5 years areas follows:

<u>FYE 6/30</u>	<u>Fire</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
1997	3,819.28	4,552.04	2,139.66	10,510.98
1998	4,139.88	4,785.60	2,249.24	11,174.72
1999	4,487.44	5,031.13	2,364.38	11,882.95
2000	4,864.15	5,289.30	2,485.48	12,638.93
2001	5,272.48	5,560.69	2,612.74	13,445.91
	22,583.23	25,218.76	11,851.50	59,653.49

3. GENERAL FIXED ASSETS

There were no changes in general fixed assets.

	<u>Balance 7/01/94</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/95</u>
Equipment	150,759.00	-0-	-0-	150,759.00

4. CASH FLOW

For purposes of the Statement of Cash Flows, the Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Reconciliation of cash per the Balance Sheet and Cash Flow Statement is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>
From Balance Sheet			
Cash	\$ 4,537.78	\$21,982.71	\$4,722.90
Restricted cash	22,568.37	11,127.34	-0-
Cash Per Cash Flow Statement	27,106.15	33,110.05	4,722.90

5. ELECTED OFFICIALS

Elected officials were compensated as follows for the fiscal year ended June 30, 1996:

Mayor Iris Jelks	\$3,000.00
Alderman Kate Cutrer	300.00
Alderman Bob McConnell	300.00
Alderman James M. Reynolds	300.00

VILLAGE OF NORWOOD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDING JUNE 30, 1996

6. LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT

The Village of Norwood was awarded a \$694,500 federal grant referred to as a Community Development Block Grant. The State of Louisiana administers the program for the U.S. Department of Housing and Urban Development. The revenues and expenditures for the year ended June 30, 1995, which were to be used primarily for sewer improvements, are accounted for in the Capital Projects Fund. A summary of these are as follows:

	<u>6/30/95</u>	<u>Cumulative</u>
Revenues	\$584,221.58	\$685,041.43
Capital Outlays:		
Administration	4,238.00	40,455.97
Sewer	547,359.64	611,859.64
Real Property		
Acquisition	323.94	487.94
Rehabilitation Grants	<u>32,300.00</u>	<u>32,300.00</u>
 Excess of Revenues over Expenditures	 -0- =====	 (62.12) =====

In order to open an account for monies received and disbursed, as they relate to this grant, the Village deposited \$100. This amount is due back to the Village. The cost of checks was \$62.12. This amount had not been reimbursed as of June 30, 1996. There were no transactions in FYE 6/30/96 other than \$6,259 reimbursement of audit and engineering fees.

7. CONTRIBUTED CAPITAL

The Village received \$685,041.43 in federal funds referred to in Note 6. This amount is included in the fixed assets of the Sewer Fund as these funds were used to design and construct an improved sewer system for citizens of the Village. Depreciation and accumulated depreciation will be recorded. However, depreciation expense will be closed to the contributed capital account as opposed to retained earnings.

8. INCREASE IN RESTRICTED CASH

Retained earnings were adjusted for the increase in the reserve accounts for debt retirement and depreciation contingency.

	<u>Debt</u>	<u>Water</u>	
	<u>Retirement</u>	<u>Depreciation</u>	<u>Total</u>
		<u>Contingency</u>	
Beginning of year	\$8,029.31	\$2,771.53	\$10,800.84
End of year	<u>8,736.75</u>	<u>3,408.64</u>	<u>12,145.39</u>
Adjustment	707.44	637.11	1,344.55
	=====		

VILLAGE OF NORWOOD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDING JUNE 30, 1996

	<u>Sewer</u>		
	<u>Debt</u>	<u>Depreciation</u>	<u>Total</u>
	<u>Retirement</u>	<u>Contingency</u>	
Beginning of year	\$5,033.74	\$5,033.74	\$10,067.48
End of year	<u>5,563.67</u>	<u>5,563.67</u>	<u>11,127.34</u>
Adjustment	529.93	529.93	1,059.86
	=====		

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management of
Village of Norwood, Louisiana
Norwood, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village of Norwood and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Norwood's compliance with certain laws and regulations during the year ended June 30, 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, 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 suppliers exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RD 38:2211-2251 (the public bid law).

There was one expenditure in excess of \$5,000 made during the year for a 10 x 8 building and pipe repairs. We examined documentation which indicated that this expenditure had been properly advertised, bids taken 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 each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board 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 procedures (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, however, eight purchases of supplies totaling \$863.07 were made at a building supply store owned by the Mayor's spouse.

Management's Response - This was the only vendor in the area. The prices paid were reasonable.

Budgeting

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

Management provided us 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.

We traced the adoption of the original budget to the minutes of a meeting held on June 14, 1995 which indicated that the budget had been adopted by the Board of Aldermen of the Village of Norwood, Louisiana by a vote of 3 in favor and none opposed. 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 exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures did exceed budgeted amounts by more than 5%. However, the Village expenditures did not exceed \$250,000 as outlined in RS 30:1303.

Management's Response - The Village's management will review such items that exceed 5% in the future.

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;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee. However, one disbursement was made with a statement only and the original invoice was not attached.

Management's Response - The Village's management will only pay from original invoices in the future.

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

All six of the payments were properly 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 accountant and the Mayor. The list of monthly disbursements are noted in the minute book as approved.

Meetings

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

The Village is required to publish the minutes of the board's meetings. However, the 3/14/96 and 5/15/96 meetings were not published.

Management's Response - The clerk was new and failed to send the minutes to the newspaper. Future clerks will be notified of this requirement.

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 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.

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.

The payroll records and minutes for the year were examined to determine if any payments to employees may constitute bonuses, advances, or gifts. It was noted that the clerk was paid every two weeks instead of bi-monthly. This resulted in one extra paycheck in the month of February, 1996 of \$200.00.

Management's Response - The other employees of the Village were paid bi-weekly and the new clerk apparently thought she should be paid in this manner also. An attempt will be made to recover the amount.

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.

Village of Norwood, Louisiana
September 20, 1996
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This report is intended solely for the use of management of the Village of Norwood, Louisiana 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.



John D. Butler & Company, APAC