

10/20/99

**VILLAGE OF NORWOOD, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 1999**

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 Oct 20 1999

VILLAGE OF NORWOOD, LOUISIANA

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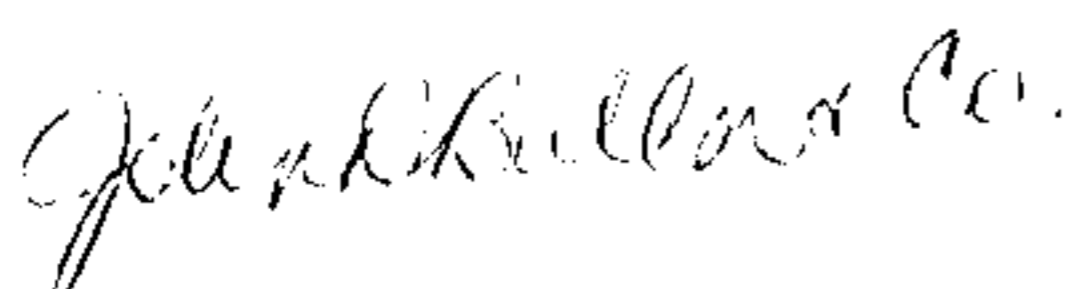
**ACCOUNTANT'S COMPILATION REPORT**

Honorable Nathan B. Cain, II, Mayor and  
Board of Aldermen  
Village of Norwood, Louisiana  
P. O. Box 249  
Norwood, Louisiana 70761

We have compiled the accompanying balance sheets of the Village of Norwood's General, Special Revenue and Proprietary Funds as of June 30, 1999, and the related statements of revenues, expenditures and changes in fund balances for the governmental fund types and the related statements of revenues, expenses, cash flows and changes in retained earnings for the proprietary fund types 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 August 3, 1999.

  
John D. Butler & Company, APAC  
August 3, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND  
 ACCOUNT GROUPS  
 JUNE 30, 1999

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>			<u>Account Groups</u>	
	<u>General</u>	<u>Special Revenue</u>		<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	<u>General Fixed Assets</u>	<u>(Memo only) Total</u>
<b>ASSETS</b>								
Cash	\$ 64,945.89	\$ 31,992.47	\$	38,532.82	\$ 16,248.78	\$ 20,811.56	\$ .00	\$ 172,531.52
Receivables (net of allowance for uncollectible accounts)	.00	.00		1,695.00	782.61	.00	.00	2,477.61
Intergov. receivables	.00	.00		14,940.00	.00	.00	.00	14,940.00
Restricted Assets:								
Cash	5,396.84	.00		19,698.48	14,134.02	.00	.00	39,229.34
Fixed assets (net of accumulated depreciation where applicable)	.00	.00		188,071.21	1,057,145.24	19,238.36	237,663.03	1,502,117.84
<b>TOTAL ASSETS</b>	<b>70,342.73</b>	<b>31,992.47</b>		<b>262,937.51</b>	<b>1,088,310.65</b>	<b>40,049.92</b>	<b>237,663.03</b>	<b>1,731,296.31</b>
<b>LIABILITIES</b>								
Accounts payable	322.99	.00		15,444.80	.00	.00	.00	15,767.79
Notes payable	.00	.00		48,526.57	100,043.93	.00	.00	148,570.50
Payables from restricted assets:								
Customer meter deposits	.00	.00		8,689.55	.00	.00	.00	8,689.55
Reserve for debt retirement	.00	.00		11,300.17	7,067.01	.00	.00	18,367.18
Reserve for depreciation contingency	.00	.00		5,535.28	7,067.01	.00	.00	12,602.29
<b>Total Liabilities</b>	<b>322.99</b>	<b>.00</b>		<b>89,496.37</b>	<b>114,177.95</b>	<b>.00</b>	<b>.00</b>	<b>203,997.31</b>
<b>FUND EQUITY</b>								
Investment in general fixed assets	.00	.00		.00	.00	.00	237,663.03	237,663.03
Contributed capital	.00	.00		163,760.00	616,729.39	59,161.29	.00	839,650.68
Retained earnings - unreserved (deficit)	.00	.00		9,681.14	357,403.31	(19,111.37)	.00	347,973.08
Fund balance - unrestricted	70,019.74	31,992.47		.00	.00	.00	.00	102,012.21
<b>Total Fund Equity</b>	<b>70,019.74</b>	<b>31,992.47</b>		<b>173,441.14</b>	<b>974,132.70</b>	<b>40,049.92</b>	<b>237,663.03</b>	<b>1,527,299.00</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>70,342.73</b>	<b>31,992.47</b>		<b>262,937.51</b>	<b>1,088,310.65</b>	<b>40,049.92</b>	<b>237,663.03</b>	<b>1,731,296.31</b>

See Accompanying Notes and Accountant's Report

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FISCAL YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>(memo only) Total</u>
<b><u>REVENUES</u></b>			
Tobacco tax	\$ 2,070.92	\$ .00	\$ 2,070.92
Occupational license	10,527.11	.00	10,527.11
Beer license	100.00	.00	100.00
Liquor license	1,000.00	.00	1,000.00
Fines	25,496.90	.00	25,496.90
Beer tax	2,440.86	.00	2,440.86
State Revenue Sharing	1,634.00	.00	1,634.00
Franchise fees	10,853.27	.00	10,853.27
Leases	800.00	.00	800.00
Video poker fees	252.19	.00	252.19
Miscellaneous income	882.43	.00	882.43
Sales tax	.00	20,759.56	20,759.56
LA DOTD	.00	3,039.30	3,039.30
Interest	1,339.25	638.17	1,977.42
Grant proceeds	<u>25,000.00</u>	<u>.00</u>	<u>25,000.00</u>
Total Revenues	82,396.93	24,437.03	106,833.96
<b><u>EXPENDITURES</u></b>			
Administrative Department:			
Salaries	13,948.35	3,900.00	17,848.35
Payroll taxes	1,676.68	.00	1,676.68
Utilities	96.08	3,830.51	3,926.59
Insurance	257.00	535.86	792.86
Office expense	804.11	.00	804.11
Repairs & maintenance	637.64	8,300.71	8,938.35
Telephone	1,089.14	.00	1,089.14
Gas & oil	.00	990.60	990.60
Legal & accounting	1,875.00	.00	1,875.00
Dues & subscriptions	125.00	.00	125.00
Public notices	724.45	.00	724.45
Postage	163.16	.00	163.16
Miscellaneous expense	1,601.03	1,380.45	2,981.48
Capital Outlay	<u>21,486.21</u>	<u>.00</u>	<u>21,486.21</u>
Total Administrative Department	44,483.85	18,938.13	63,421.98

Continued

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - Continued  
 FISCAL YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>(Memo Only) Total</u>
<u>EXPENDITURES -continued</u>			
Police Department:			
Salaries	\$ 7,650.00	\$ .00	\$ 7,650.00
Gas & oil	2,150.77	.00	2,150.77
Insurance	2,917.64	.00	2,917.64
Office expense	488.98	.00	488.98
Repairs & maintenance	4,661.24	.00	4,661.24
Telephone	642.58	.00	642.58
Capital outlay	1,159.97	.00	1,159.97
	<hr/>		<hr/>
Total Police Department	19,671.18	.00	19,671.18
	<hr/>		<hr/>
Total Expenditures	64,155.03	18,938.13	83,093.16
	<hr/>		<hr/>
Excess of Revenues Over Expenditures	18,241.90	5,498.90	23,740.80
	<hr/>		<hr/>
Fund Balance, beginning	51,777.84	26,493.57	78,271.41
	<hr/>		<hr/>
Fund Balance, ending	70,019.74	31,992.47	102,012.21
	<hr/>		<hr/>

See Accompanying Notes and Accountant's 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  
 FISCAL YEAR ENDED JUNE 30, 1999

	General Fund			Special Revenue Fund		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>						
Tobacco tax	\$ 2,000.00	\$ 2,070.92	\$ 70.92	\$ .00	\$ .00	\$ .00
Occupational license	8,800.00	10,527.11	1,727.11	.00	.00	.00
Beer license	100.00	100.00	.00	.00	.00	.00
Liquor license	1,000.00	1,000.00	.00	.00	.00	.00
Fines	24,000.00	25,496.90	1,496.90	.00	.00	.00
Beer tax	2,000.00	2,440.86	440.86	.00	.00	.00
State Revenue Sharing	1,500.00	1,634.00	134.00	.00	.00	.00
Franchise fees	10,400.00	10,853.27	453.27	.00	.00	.00
Leases	800.00	800.00	.00	.00	.00	.00
Video poker fees	250.00	252.19	2.19	.00	.00	.00
Sales tax	.00	.00	.00	20,000.00	20,759.56	759.56
LA DOTD	.00	.00	.00	3,039.00	3,039.30	.30
Miscellaneous income	800.00	882.43	82.43	.00	.00	.00
Interest	.00	1,339.25	1,339.25	.00	638.17	638.17
Grant proceeds	.00	25,000.00	25,000.00	.00	.00	.00
<b>Total Revenues</b>	<b>51,650.00</b>	<b>82,396.93</b>	<b>30,746.93</b>	<b>23,039.00</b>	<b>24,437.03</b>	<b>1,398.03</b>
<b>EXPENDITURES</b>						
Administration Department:						
Salaries	15,000.00	13,948.35	1,051.65	3,900.00	3,900.00	.00
Payroll taxes	2,000.00	1,676.68	323.32	.00	.00	.00
Utilities	150.00	96.08	53.92	4,000.00	3,830.51	169.49
Insurance	300.00	257.00	43.00	600.00	535.86	64.14
Office expense	1,000.00	804.11	195.89	.00	.00	.00
Repairs & maintenance	1,000.00	637.64	362.36	10,000.00	8,300.71	1,699.29
Gas & Oil	.00	.00	.00	1,200.00	990.60	209.40
Telephone	1,300.00	1,089.14	210.86	.00	.00	.00
Legal & accounting	2,000.00	1,875.00	125.00	.00	.00	.00
Dues & subscriptions	150.00	125.00	25.00	.00	.00	.00
Public notices	850.00	724.45	125.55	.00	.00	.00
Postage	250.00	163.16	86.84	.00	.00	.00
Miscellaneous	3,500.00	1,601.03	1,898.97	1,500.00	1,380.45	119.55
Capital Outlay	4,600.00	21,486.21	(16,886.21)	.00	.00	.00
<b>Total Administration Department</b>	<b>32,100.00</b>	<b>44,483.85</b>	<b>(12,383.85)</b>	<b>21,200.00</b>	<b>18,938.13</b>	<b>2,261.87</b>

Continued



VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -  
 GENERAL AND SPECIAL REVENUE FUND TYPES - Continued  
 FISCAL YEAR ENDED JUNE 30, 1999

	General Fund		Special Revenue Fund		Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Police Department:					
Salaries	\$ 7,800.00	\$ 7,650.00	\$ .00	\$ .00	\$ .00
Gas & oil	2,400.00	2,150.77	.00	.00	.00
Insurance	3,200.00	2,917.64	.00	.00	.00
Office expense	600.00	488.98	.00	.00	.00
Repairs & maintenance	5,000.00	4,661.24	.00	.00	.00
Telephone	660.00	642.58	.00	.00	.00
Miscellaneous expense	1,500.00	1,159.97	.00	.00	.00
Total Police Department	21,160.00	19,671.18	.00	.00	.00
Total Expenditures	53,260.00	64,155.03	21,200.00	18,938.13	2,261.87
Excess (Deficiency) of Revenues Over Expenditures	(1,610.00)	18,241.90	1,839.00	5,498.90	3,659.90
Fund Balance, beginning	51,778.00	51,777.84	26,494.00	26,493.57	(.43)
Fund Balance, ending	50,168.00	70,019.74	28,333.00	31,992.47	3,659.47

See Accompanying Notes and Accountant's Report

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES  
 FISCAL YEAR ENDED JUNE 30, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	(memo only) <u>Total</u>
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 43,785.66	\$ 22,910.29	\$ .00	\$ 66,695.95
Hook-up fees	.00	70.00	.00	70.00
Donations	.00	.00	118.00	118.00
Project revenues	.00	.00	300.00	300.00
Washing	.00	.00	600.00	600.00
Insurance rebate	.00	.00	2,037.91	2,037.91
Dues	.00	.00	185.00	185.00
Miscellaneous income	1,981.83	120.00	.00	2,101.83
	<hr/>			
Total Operating Revenues	45,767.49	23,100.29	3,240.91	72,108.69
<b><u>OPERATING EXPENSES</u></b>				
Salaries	7,996.88	3,900.00	.00	11,896.88
Payroll taxes	1,229.56	.00	.00	1,229.56
Insurance	1,709.00	.00	.00	1,709.00
Utilities	3,139.33	4,348.17	742.93	8,230.43
Repairs & maintenance	7,767.03	4,293.81	7.29	12,068.13
Gas & Oil	.00	.00	269.21	269.21
Depreciation	4,325.04	34,059.96	5,462.07	43,847.07
Sales tax	1,244.00	.00	.00	1,244.00
Miscellaneous expense	337.20	1,009.64	236.76	1,583.60
Office expense	398.34	.00	.00	398.34
	<hr/>			
Total Operating Expenses	28,146.38	47,611.58	6,718.26	82,476.22
OPERATING INCOME (LOSS)	17,621.11	(24,511.29)	(3,477.35)	(10,367.53)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest income	914.10	641.13	810.56	2,365.79
Interest expense	(2,557.92)	(5,055.51)	.00	(7,613.43)
	<hr/>			
Total Non-Operating Revenues (Expenses)	(1,643.82)	(4,414.38)	810.56	(5,247.64)

Continued

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES - Continued  
 FISCAL YEAR ENDED JUNE 30, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	(memo only) <u>Total</u>
INCOME (LOSS) BEFORE AMORTIZATION OF CONTRIBUTED CAPITAL	\$ 15,977.29	\$ (28,925.67)	\$ (2,666.79)	\$ (15,615.17)
Amortization of contributed capital	<u>.00</u>	<u>17,126.04</u>	<u>.00</u>	<u>17,126.04</u>
NET INCOME (LOSS)	15,977.29	(11,799.63)	(2,666.79)	1,510.87
Retained Earnings (Deficit), beginning	(4,741.87)	370,248.84	(16,444.58)	349,062.39
Increase in reserve for debt retirement	(841.27)	(522.95)	.00	(1,364.22)
Increase in reserve for depreciation contingency	<u>(713.01)</u>	<u>(522.95)</u>	<u>.00</u>	<u>(1,235.96)</u>
Retained Earnings (Deficit), ending	<u>9,681.14</u>	<u>357,403.31</u>	<u>(19,111.37)</u>	<u>347,973.08</u>

See Accompanying Notes and Accountant's Report

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
 FISCAL YEAR ENDED JUNE 30, 1999  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	<u>(Memo only) Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 45,773.25	\$ 22,882.18	\$ 3,240.91	\$ 71,896.34
Cash paid for goods & services	(14,597.29)	(9,651.62)	(1,256.19)	(25,505.10)
Cash paid to employees	<u>(9,226.44)</u>	<u>(3,900.00)</u>	<u>.00</u>	<u>(13,126.44)</u>
Net Cash Provided by Operating Activities	21,949.52	9,330.56	1,984.72	33,264.80
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>				
Principal paid on loans & bonds	(4,996.08)	(2,384.49)	.00	(7,380.57)
Interest paid on bonds	<u>(2,557.92)</u>	<u>(5,055.51)</u>	<u>.00</u>	<u>(7,613.43)</u>
Net Cash Used for Capital & Related Financing Activities	(7,554.00)	(7,440.00)	.00	(14,994.00)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
	.00	.00	.00	.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	914.10	641.13	810.56	2,365.79
Proceeds from grants	112,312.00	.00	.00	112,312.00
Construction of fixed assets	<u>(113,402.00)</u>	<u>.00</u>	<u>.00</u>	<u>(113,402.00)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(175.90)</u>	<u>641.13</u>	<u>810.56</u>	<u>1,275.79</u>
Net increase in cash and cash equivalents	14,219.62	2,531.69	2,795.28	19,546.59
Cash and cash equivalents, beginning of year	<u>44,011.68</u>	<u>27,851.11</u>	<u>18,016.28</u>	<u>89,879.07</u>
Cash and cash equivalents, end of year	<u>58,231.30</u>	<u>30,382.80</u>	<u>20,811.56</u>	<u>109,425.66</u>

Continued

VILLAGE OF NORWOOD, LOUISIANA  
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES - Continued  
 FISCAL YEAR ENDED JUNE 30, 1999  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Water</u>	<u>Sewer</u>	<u>Fire</u>	<u>Total</u> (Memo only)
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 17,621.11	\$ (24,511.29)	\$ (3,477.35)	\$ (10,367.53)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	4,325.04	34,059.96	5,462.07	43,847.07
(Increase) in receivables	(744.24)	(218.11)	.00	(962.35)
Decrease in payables	(2.39)			(2.39)
Increase in restricted payables	750.00			750.00
Total Adjustments	<u>4,328.41</u>	<u>33,841.85</u>	<u>5,462.07</u>	<u>43,632.33</u>
Net cash provided by operating activities	<u>21,949.52</u>	<u>9,330.56</u>	<u>1,984.72</u>	<u>33,264.80</u>

See Accompanying Notes and Accountant's Report

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF NORWOOD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

The Village of Norwood, Louisiana was incorporated on January 18, 1948, under the provisions of the Lawrason Act (LA R.S. 33:321-463). It operates under a Mayor-Board of Aldermen form of government. They are compensated for their services.

The purpose of the Village is to promote the general welfare and safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The following services are provided: public safety, water, sewer and fire protection.

**Financial Reporting Entity:** 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 responsibilities, including accountability for fiscal and budgetary matters, designation of management of governing authority and authority to issue debt.

Based upon the above, it has been determined that there are no governmental organizations which should be excluded from the accompanying financial statements.

**Fund Accounting:** The Village of Norwood, Louisiana uses funds and account groups to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village are classified into two categories - governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type are as follows:

**1. Governmental Funds:** Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

General Fund - the general operating fund of the Village which accounts for all financial resources except those required to be accounted for in other funds.

VILLAGE OF NORWOOD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

Special Revenue Funds - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

2. Proprietary Funds: Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. These funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Funds - accounts for operations (a) where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or 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 that periodic determination of revenues earned, expenses incurred and/or net income is *appropriate for capital maintenance, public policy, management control, accountability or other purposes.*

**Basis of Accounting:** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental fund types.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The following revenue sources have been treated as susceptible to accrual under the modified accrual basis: taxes which includes sales, franchise, beer and video poker.

**Budgets and Budgetary Accounting:** The Village adopts an annual budget for the General Fund, Special Revenue Fund and all Enterprise Funds. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Aldermen.

**Cash, Cash Equivalents and Investments:** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in



VILLAGE OF NORWOOD, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1999

time deposits and those investments with original maturities of 90 days or less. Under State law, the Village 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. Investments are stated at cost plus interest if that interest is reinvested.

**Restricted Assets:** Certain proceeds of enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash and equivalents	<u>\$19,698.48</u>	<u>\$14,134.02</u>	<u>\$33,832.50</u>

**Fixed Assets:** Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the General Fixed Assets Account Group. Public domain or infrastructure are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation.

Fixed assets used in the proprietary fund operations are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Water system	33 years
Sewer System	40 years

**Compensated Absences:** The Village does not have compensated absences.

**Long-Term Obligations:** Long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. Expenditures for interest and principal payments are recognized in the governmental funds when due. The Village does not have any general long-term debt. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

**Fund Equity:** Fund equity includes the following:

1. Contributed Capital - is recorded in proprietary funds that have received contributions from customers or other governments.

2. Reserves - represents those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

VILLAGE OF NORWOOD, LOUISIANA  
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JUNE 30, 1999

3. Designated Fund Balances - represents tentative plans for future use of financial resources.

**Interfund Transactions:** All interfund transactions, except quasi-external transactions, are reported as operating transfers.

**Sales Taxes:** Sales taxes are collected by the Parish of East Feliciana governmental unit, and the applicable portion is remitted to the Village.

**Total Columns on Combined Statements:** Total columns on the combined statements are captioned "Memo Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does 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.

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand at June 30, 1999, are as follows:

General Fund	\$	64,945.89
General Fund Restricted		5,396.84
Special Revenue Fund		<u>31,992.47</u>
 Total Governmental Funds		 <u>102,335.20</u>
 Water Fund	 \$	 38,532.82
Water Fund Restricted		19,698.48
Sewer Fund		16,248.78
Sewer Fund Restricted		14,134.02
Fire Fund		<u>20,811.56</u>
 Total Proprietary Funds		 <u>109,425.66</u>

NOTE 3 - RECEIVABLES

The net receivables of \$ 17,417.61 at June 30, 1999, are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Services	\$ 1,695.00	\$ 782.61	\$ 2,477.61
Grant proceeds	14,940.00	.00	14,940.00
	<u>16,635.00</u>	<u>782.61</u>	<u>17,417.61</u>

VILLAGE OF NORWOOD, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1999

NOTE 4 - FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Land	\$ 10,000.00	\$ .00	\$ .00	\$10,000.00
Bldg. Improvements	19,285.00	20,026.21	.00	39,311.21
Vehicles	28,512.77	.00	.00	28,512.77
Equipment	158,379.05	1,460.00	.00	159,839.05
	<u>216,176.82</u>	<u>21,486.21</u>	<u>.00</u>	<u>237,663.03</u>

A summary of changes in proprietary fund types property, plant and equipment is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Water System	\$ 179,453.00	\$ 128,342.00	\$ .00	\$ 307,795.00
Sewer System	1,362,554.48	.00	.00	1,362,554.48
Fire Equipment	27,310.34	.00	.00	27,310.34
Sub-Total	<u>1,569,317.82</u>	<u>128,342.00</u>	<u>.00</u>	1,697,659.82
Less: Accumulated Depreciation				<u>433,205.01</u>
Total				<u>1,264,454.81</u>

NOTE 5 - EMPLOYEE RETIREMENT SYSTEM

The Village pays social security and medicare on its employees. No other system of retirement is currently in place.

NOTE 6 - ACCOUNTS AND OTHER PAYABLES

The payables of \$164,338.29 at June 30, 1999, are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 322.99	\$ 15,444.80	\$ 15,767.79
Notes	<u>.00</u>	<u>148,570.50</u>	<u>148,570.50</u>
Total	<u>322.99</u>	<u>164,015.30</u>	<u>164,338.29</u>

VILLAGE OF NORWOOD, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 7 - LEASES

No capital leases exist as of June 30, 1998.

NOTE 8 - CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt incurred by proprietary funds is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance at 7/01/98	\$ 53,522.65	\$ 102,428.42	\$ 155,951.07
Principal paid	<u>(4,996.08)</u>	<u>(2,384.49)</u>	<u>(7,380.57)</u>
Balance at 6/30/99	<u>48,526.57</u>	<u>100,043.93</u>	<u>148,570.50</u>

Annual requirements to amortize long-term debt for the next five years are as follows:

<u>FYE 6/30</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2000	5,289.30	2,485.48	7,774.78
2001	5,560.69	2,612.74	8,173.43
2002	5,845.98	2,746.52	8,592.50
2003	6,145.94	2,887.15	9,033.09
2004	6,461.27	3,034.98	9,496.25

NOTE 9 - INTERFUND TRANSACTIONS

There were no transfers between funds during the year.

NOTE 10 - CONTRIBUTED CAPITAL

The Village received \$685,041.43 in federal funds through the Community Development Block Grant program to design and construct an improved sewer system. This improvement is included in Contributed Capital in the Sewer Fund. Depreciation is recorded and charged to Contributed Capital as opposed to Retained Earnings. The changes in Contributed Capital recorded in the Sewer Fund are as follows:

Cost of Improvements	\$ 685,041.43
Depreciation to Date	<u>(68,312.04)</u>
Total	<u>616,729.39</u>

The Village entered into a cooperative endeavor agreement on September 26, 1997, with the State of Louisiana (Office of Facility Planning and Control) which grants an appropriation from the State's capital outlay budget in the amount of \$198,000 to the Village. With these funds, the Village constructed a new water well. Funds were received on an as-needed basis.

VILLAGE OF NORWOOD, LOUISIANA  
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At June 30, 1999, the Village had expended funds and incurred liabilities in the amount of \$165,795.00. This is recorded as fixed assets in the Water Fund. The Village received and will receive from this agreement, as of June 30, 1999, funds in the amount of \$163,760.00. This is recorded as Contributed Capital in the Water Fund. Depreciation will begin at completion of this project.

NOTE 11 - LITIGATION

There is no litigation that came to our attention that would require disclosure in the accompanying financial statements.

NOTE 12 - STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS

For purposes of the Statement of Cash Flows for the proprietary fund types (Water, Sewer and Fire), all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents.

The cash and cash equivalents as stated on the Statement of Cash Flows is as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Water	\$ 38,532.82	\$ 19,698.48	\$ 58,231.30
Sewer	16,248.78	14,134.02	30,382.80
Fire	20,811.56	.00	20,811.56
Total	<u>75,593.16</u>	<u>33,832.50</u>	<u>109,425.66</u>

NOTE 13 - AMOUNTS PAID FOR MEMBERS OF THE GOVERNING BOARD

Elected officials were compensated as follows for the year ended June 30, 1999:

Mayor Nathan B. Cain, II	\$ 3,000
Alderman Rebecca Bellue	300
Alderman Jimmy Garig	300
Alderman James M. Reynolds	300

NOTE 14 - YEAR 2000 CONSIDERATION

The origin of the Year 2000 problem is a result of additional expense and limited availability of memory that computer programmers were faced with when computers first originated. Programmers opted to abbreviate calendar years to two digits which will become a problem on January 1, 2000, when systems containing this two-digit code may interpret January 1, 2000 as January 1, 1900.

VILLAGE OF NORWOOD, LOUISIANA  
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The Village may be adversely affected by the "Y2K" problem, as it is being called, if its computer systems and other date-sensitive equipment do not properly process data from and after January 1, 2000. Because the likelihood that such a situation may occur is reasonably possible but an associated amount of loss is undeterminable, a contingent liability is not recorded in the accompanying financial statements.

The scope of our compilation and agreed-upon procedures engagement did not include an audit or review of the effects of the Y2K problem on the Village.

AGREED-UPON PROCEDURES

JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  
-----  
(504) 775-4982

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

August 3, 1999

Honorable Nathan B. Cain, II, Mayor and  
Board of Aldermen  
Village of Norwood, Louisiana  
P. O. Box 249  
Norwood, Louisiana 70761

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, 1999 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 supplies 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).



The cash disbursements journal was scanned and expenditures exceeding \$5,000 identified. There were no public works expenditures in excess of \$50,000.00. For those expenditures to which the public bid law applied, proper procedures were followed.

#### 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 in 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 a copy of the original and amended budget.

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 15, 1998, 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. We traced amendments to the original budget to the minutes of meeting held on June 10, 1999. The minutes indicated that the amendment was adopted by the Board of Aldermen by a vote of 3 in favor and none opposed.

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 expenditures did exceed budgeted amounts by more than 5% on one line item: General Fund - Capital Outlay.

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.

- (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 which was evidenced both from paid invoices and a copy of the public notice.

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.

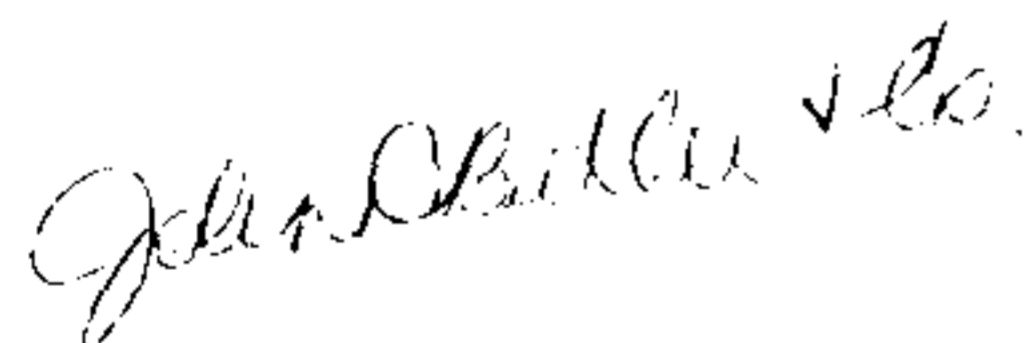
We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

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, and we 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 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  
A Professional Accounting Corporation

LOUISIANA ATTESTATION QUESTIONNAIRE

LOUISIANA ATTESTATION QUESTIONNAIRE

Date: 6-10-99

John D. Butler & Company  
A Professional Accounting Corporation  
P. O. Box 30  
Baker, Louisiana 70704-0030

In connection with your compilation of our financial statements as of June 30, 1999 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we made the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 30, 1999.

**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 ( )

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

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43. Yes (✓) No ( )

**Accounting and Reporting**

all non-exempt government 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 47:1410.60.

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.

Kate Cetre Secretary 6-10-99 Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

[Signature] President 6-10-99 Date

Village of Norwood, LA