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VILLAGE OF NORWOOD, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE
YEAR ENDED JUNE 30, 2004

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 2-2-05

**VILLAGE OF NORWOOD, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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BASIC FINANCIAL STATEMENTS

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

(225) 775-4982

ACCOUNTANTS' COMPILATION REPORT

August 18, 2004

The Honorable Jimmy L. Garig, Mayor,
and the Board of Alderpersons
Village of Norwood, Louisiana
P. O. Box 249
Norwood, Louisiana 70761

We have compiled the accompanying basic financial statements of the Village of Norwood, Louisiana as of and for the year ended June 30, 2004, as listed in the table of contents.

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 18, 2004.

Sincerely,



John D. Butler & Company
A Professional Accounting Corporation

**REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)**

**VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS
JUNE 30, 2004**

Managements' discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the Village based on currently known facts, decisions and/or conditions.

The Village as a Whole

The government-wide financial statements present financial information for all activities of the Village from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as public safety and general government, separately from business-type activities, which include water and sewer services.

Fund financial statements, however, present financial information for governmental activities using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes current assets and liabilities and present increases and decreases in net current assets. Financial information for business-type activities in the fund financial statements is the same as that presented in the government-wide financial statements.

Note 1 beginning on page 21 further discusses the differences between these two presentations. There is also reconciliation between the government-wide financial statements and the fund financial statements for governmental activities presented on pages 11 and 13.

The Village's combined net assets were:

	<u>2004</u>	<u>2003</u>
Invested in capital assets, net of related debt	\$1,084,883.92	\$1,082,986.61
Restricted	81,154.68	68,705.76
Unrestricted	<u>82,983.51</u>	<u>120,024.47</u>
 Total Net Assets	 <u>1,249,022.11</u>	 <u>1,271,716.84</u>

This is a decrease from the prior year of \$22,695. The Village used a portion of its cash balances for renovations to the fire station that will be reimbursed through a rural development grant. Included in the cash balance of \$81,916 is funds restricted for street maintenance/construction (\$28,072 or 34%), customer deposits (\$10,076 or 12%) and debt retirement (\$43,814 or 54%).

Results of operations for both governmental and business-type activities indicated a net decrease of \$22,695 while the prior year decreased by \$53,719. The most significant reason for this is that street overlay projects were completed during the previous year and fire equipment/supplies were upgraded.

**VILLAGE OF NORWOOD, LOUISIANA
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)
JUNE 30, 2004**

Governmental Activities

Governmental funds, which include government, public safety and streets/sidewalks, reported a decrease in fund balances of \$9,752. This is an increase over the results of prior year operations that reported an decrease of \$28,819. During the current year, franchise fees increased by 50%, but fines decreased by 32% . Grants were also less than the prior year – there was \$36,153 received in 2004 and \$72,500 received in the prior year. These amount for the majority of this comparison between years.

The variance between final budgeted amounts and actual amounts was favorable for the general fund revenues. Expenditures exceeded budget by only \$1,342 or 2%. Capital outlay was \$4,969 more than anticipated. Revenues of the streets and sidewalks fund exceeded budget by \$255. The expenditures were also favorable in comparison to the budget by \$4,743.

The cash position for the general fund decreased by \$26,670 while the streets and sidewalks fund increased by \$15,721. Revenues of the general fund decreased by \$20,731 or 15% over last year's revenues, the most significant decrease being grants received and fines. Revenues of the streets and sidewalks fund decreased by \$31,653, a result of grants received in the prior year but none this year.

The Village purchased capital assets in the amount of \$54,139 for use by its governmental activities including police cars (\$8,000), cameras and other police equipment (\$11,040), a loader/backhoe (\$18,000) and fire station renovations (\$15,305). These expenditures will enhance the Village's public safety services to its citizens as well as its public works obligations.

Business-Type Activities

Proprietary funds, including water and sewer services, experienced an operating loss of \$47,127. This is a greater loss from the prior year by \$10,180. Included in the current year loss is depreciation in the amount of \$45,159, a non-cash expense.

The Village expended \$695 to purchase a new utility billing system.. It expended \$14,994 to reduce its current debt balance (\$9,496 in principal and \$5,498 in interest). The remaining balance is \$18,267 on notes and \$86,372 on bonds. The note will be paid in full during the fiscal year ending June 30, 2007, while the bonds will be paid off in the fall of 2021. Additional information on this debt can be found in note 7 on page 30.

Future Plans and Requests for Additional Information

The Village continues to work on additional grant funds for the purchase of a new fire truck. Renovation of the fire station should be completed soon.

For additional information or questions, contact Jennie Jelks at (225) 629-5347, P. O. Box 249, Norwood, Louisiana 70761.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

<u>ASSETS</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 45,672.18	\$ 4,069.02	\$ 49,741.20
Investments	28,603.16	15,889.13	44,492.29
Receivables, net	253.22	2,023.71	2,276.93
Restricted assets:			
Cash and cash equivalents	28,071.87	53,843.96	81,915.83
Capital assets, net	150,440.87	1,040,874.86	1,191,315.73
	253,041.30	1,116,700.68	1,369,741.98
Total Assets			
 <u>LIABILITIES</u>			
Accounts payable	5,242.39	762.55	6,004.94
Notes payable	-	18,267.13	18,267.13
Bonds payable	-	86,371.63	86,371.63
Customer deposits	-	10,076.17	10,076.17
	5,242.39	115,477.48	120,719.87
Total Liabilities			
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	148,647.82	936,236.10	1,084,883.92
Restricted for:			
Customer deposits	-	10,076.17	10,076.17
Debt retirement	-	43,767.79	43,767.79
Street maintenance/construction	27,310.72	-	27,310.72
Unrestricted	71,840.37	11,143.14	82,983.51
	247,798.91	1,001,223.20	1,249,022.11
Net Assets			

The accompanying notes are an integral part of this statement.

**VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Functions/Programs	Program Revenues			Net Revenues (Expenses)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 38,508.95	\$ 600.00	\$ 3,756.00	\$ 15,000.00	\$ (19,152.95)	\$ -	\$ (19,152.95)
Intergovernmental	-	3,440.30	-	-	3,440.30	-	3,440.30
Public safety	58,747.34	33,664.00	333.00	21,152.59	(3,597.75)	-	(3,597.75)
Public works	14,147.65	-	-	-	(14,147.65)	-	(14,147.65)
Total Governmental Activities	111,403.94	37,704.30	4,089.00	36,152.59	(33,458.05)	-	(33,458.05)
Business-Type Activities							
Water	53,822.04	37,072.48	-	-	-	(16,749.56)	(16,749.56)
Sewer	49,147.92	18,110.42	-	-	-	(31,037.50)	(31,037.50)
Total Business-Type Activities	102,969.96	55,182.90	-	-	-	(47,787.06)	(47,787.06)
Total Primary Government	214,373.90	92,887.20	4,089.00	36,152.59	(33,458.05)	(47,787.06)	(81,245.11)

General Revenues and Interest

Taxes:

Sales	25,032.24	-	25,032.24
Franchise	18,088.81	-	18,088.81
Beer	3,915.92	-	3,915.92

Continued

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2004

	Net Revenues (Expenses)		
	Governmental Activities	Business-Type Activities	Total
Licenses and permits	\$ 10,720.80	\$ -	\$ 10,720.80
Interest earnings	1,654.64	1,023.89	2,678.53
Interest expense	-	(5,497.75)	(5,497.75)
Other revenues	2,951.44	660.39	3,611.83
	62,363.85	(3,813.47)	58,550.38
Total General Revenues and Interest			
Change in Net Assets	28,905.80	(51,600.53)	(22,694.73)
Net Assets, beginning	218,893.11	1,052,823.73	1,271,716.84
Net Assets, ending	247,798.91	1,001,223.20	1,249,022.11

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

**VILLAGE OF NORWOOD, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 45,672.18	\$ -	\$ 45,672.18
Investments	28,603.16	-	28,603.16
Accrued interest receivable	253.22	-	253.22
Restricted assets:			
Cash and cash equivalents	-	28,071.87	28,071.87
TOTAL ASSETS	74,528.56	28,071.87	102,600.43
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	4,481.24	761.15	5,242.39
Fund Balances:			
Reserved for:			
Street maintenance/construction	-	27,310.72	27,310.72
Unreserved, undesignated	70,047.32	-	70,047.32
Total Fund Balances	70,047.32	27,310.72	97,358.04
TOTAL LIABILITIES AND FUND BALANCE	74,528.56	28,071.87	102,600.43

The accompanying notes are an integral part of this statement.

VILLAGE OF NORWOOD, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances - Total Governmental Funds	\$ 97,358.04
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current
financial resources and, therefore, are not reported in the
Governmental Funds Balance Sheet. This is the capital
assets, net of accumulated depreciation, reported on the
Statement of Net Assets.

150,440.87

Net Assets - Governmental Activities

247,798.91

The accompanying notes are an integral part of this statement.

**VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Intergovernmental revenues	\$ 401.00	\$ 3,039.30	\$ 3,440.30
Taxes:			
Sales	-	25,032.24	25,032.24
Franchise	18,088.81	-	18,088.81
Beer	3,915.92	-	3,915.92
Licenses and permits	10,720.80	-	10,720.80
Fines	33,664.00	-	33,664.00
Charges for services	600.00	-	600.00
Rebates and reimbursements	2,651.44	-	2,651.44
Grants	36,152.59	-	36,152.59
Donations	4,089.00	-	4,089.00
Interest earned	1,431.73	222.91	1,654.64
Other revenues	300.00	-	300.00
	Total Revenues	28,294.45	140,309.74
	112,015.29	28,294.45	140,309.74
<u>EXPENDITURES</u>			
General government	35,441.18	-	35,441.18
Public safety:			
Fire	3,416.15	-	3,416.15
Police	43,808.84	-	43,808.84
Public works	-	13,256.65	13,256.65
Capital outlay	54,138.73	-	54,138.73
	Total Expenditures	13,256.65	150,061.55
	136,804.90	13,256.65	150,061.55
Net Change in Fund Balances	(24,789.61)	15,037.80	(9,751.81)
Fund Balances, beginning	94,836.93	12,272.92	107,109.85
Fund Balances, ending	70,047.32	27,310.72	97,358.04

The accompanying notes are an integral part of this statement.

**VILLAGE OF NORWOOD, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Net Change in Fund Balances - Total Governmental Funds \$ (9,751.81)

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital
outlay exceeded depreciation charged in the current period.

38,657.61

Change in Net Assets - Governmental Activities

28,905.80

The accompanying notes are an integral part of this statement.

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

<u>ASSETS</u>	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 2,159.00	\$ 1,910.02	\$ 4,069.02
Investments	15,889.13	-	15,889.13
Accrued interest receivable	252.37	-	252.37
Accounts receivable, net	907.05	864.29	1,771.34
Total Current Assets	19,207.55	2,774.31	21,981.86
Restricted Assets:			
Cash and cash equivalents	34,607.46	19,236.50	53,843.96
Capital Assets:			
Furniture and equipment	4,285.00	-	4,285.00
Water well/distribution system	316,011.00	-	316,011.00
Sewer treatment plant	-	1,364,531.48	1,364,531.48
Less: accumulated depreciation	(167,610.14)	(476,342.48)	(643,952.62)
Capital Assets, net	152,685.86	888,189.00	1,040,874.86
Total Assets	206,500.87	910,199.81	1,116,700.68
 <u>LIABILITIES</u>			
Current Liabilities:			
Payable from current assets:			
Accounts payable	451.90	310.65	762.55
Total Current Liabilities, Payable from Current Assets	451.90	310.65	762.55

Continued

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2004

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Payable from restricted assets:			
Notes/bonds payable	\$ 6,792.81	\$ 3,190.38	\$ 9,983.19
Total Current Liabilities, Payable from Restricted Assets	6,792.81	3,190.38	9,983.19
Total Current Liabilities	7,244.71	3,501.03	10,745.74
Long-Term Liabilities:			
Notes/bonds payable	-	67,135.13	67,135.13
Payable from restricted assets:			
Customer deposits	10,076.17	-	10,076.17
Notes/bonds payable	11,474.32	16,046.12	27,520.44
Total Long-Term Liabilities	21,550.49	83,181.25	104,731.74
Total Liabilities	28,795.20	86,682.28	115,477.48
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	134,418.73	801,817.37	936,236.10
Restricted for:			
Customer deposits	10,076.17	-	10,076.17
Debt retirement	24,531.29	19,236.50	43,767.79
Unrestricted	8,679.48	2,463.66	11,143.14
Total Net Assets	177,705.67	823,517.53	1,001,223.20

The accompanying notes are an integral part of this statement.

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 37,072.48	\$ 18,110.42	\$ 55,182.90
Other operating revenues	660.39	-	660.39
Total Operating Revenues	37,732.87	18,110.42	55,843.29
<u>OPERATING EXPENSES</u>			
Administrative	1,741.43	-	1,741.43
Depreciation	10,896.93	34,261.57	45,158.50
Employee and related expenses	21,577.91	-	21,577.91
Occupancy	2,991.56	7,640.50	10,632.06
Personal services	16,614.21	7,245.85	23,860.06
Total Operating Expenses	53,822.04	49,147.92	102,969.96
Operating Loss	(16,089.17)	(31,037.50)	(47,126.67)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest earned	909.33	114.56	1,023.89
Interest expense	(1,092.73)	(4,405.02)	(5,497.75)
Total Non-Operating Revenues (Expenses)	(183.40)	(4,290.46)	(4,473.86)
Change in Net Assets	(16,272.57)	(35,327.96)	(51,600.53)
Net Assets, beginning	193,978.24	858,845.49	1,052,823.73
Net Assets, ending	177,705.67	823,517.53	1,001,223.20

The accompanying notes are an integral part of this statement.

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 39,340.29	\$ 19,129.28	\$ 58,469.57
Cash paid to suppliers for goods/services	(21,259.70)	(14,575.70)	(35,835.40)
Cash paid to employees for services	(21,577.91)	-	(21,577.91)
Net Cash Provided by (Used for) Operating Activities	(3,497.32)	4,553.58	1,056.26
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on notes and bond maturities	(6,461.27)	(3,034.98)	(9,496.25)
Interest paid on notes and bonds	(1,092.73)	(4,405.02)	(5,497.75)
Net Cash Used for Capital and Related Financing Activities	(7,554.00)	(7,440.00)	(14,994.00)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from savings/certificates of deposit	246.77	114.56	361.33
Purchase of fixed assets	(695.00)	-	-
Net Cash Provided by (Used for) Investing Activities	(448.23)	114.56	(333.67)
Net Decrease in Cash and Cash Equivalents	(11,499.55)	(2,771.86)	(14,271.41)
Cash and Cash Equivalents, beginning of year	48,266.01	23,918.38	72,184.39
Cash and Cash Equivalents, end of year	36,766.46	21,146.52	57,912.98

Continued

VILLAGE OF NORWOOD, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating loss	\$(16,089.17)	\$(31,037.50)	\$(47,126.67)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	10,896.93	34,261.57	45,158.50
(Increase) decrease in assets:			
Accounts receivable	1,051.54	1,018.86	2,070.40
Increase (decrease) in liabilities:			
Accounts payable	87.50	310.65	398.15
Customer deposits	555.88	-	555.88
Net Cash Provided by (Used for) Operating Activities	(3,497.32)	4,553.58	1,056.26

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF NORWOOD, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

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VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

INTRODUCTION

The Village of Norwood, Louisiana (hereinafter referred to as the Village) was incorporated on January 18, 1948, under the provisions of the Lawrason Act (La. Revised Statute 33:321-463). It operates under a Mayor-Board of Alderpersons form of government. The Mayor and Board are compensated for their services.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Village conforms to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of La. Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: This report includes all funds that are controlled by or dependent on the Village's executive or legislative branches (Mayor and/or Board of Alderpersons). Control by or dependence on the Village was determined on the basis of oversight responsibility, including accountability for fiscal and budgetary matters, designation of management or governing authority and authority to issue debt.

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

Government-wide Accounting: In accordance with Government Accounting Standards Board Statement No. 34, the Village has presented a statement of net assets and statement of activities for the Village as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental and business-type activities.

Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost or estimated cost where historical cost is unavailable and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

Using the requirements of GASB Statement No. 34, the Village is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Village has opted not to retroactively report these types of capital assets.

Program Revenues

The statement of activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Village. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Village has chosen not to do so.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Village's operation of the water and sewer systems are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Reserved Net Assets

Reserved net assets are those for which a constraint has been imposed either externally or by law. The Village recognizes the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net assets are used.

Fund Accounting: The Village uses funds to report on its financial position and the 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 entity with a self-balancing set of accounts. Funds of the Village are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Village's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - is the general operating fund of the Village which accounts for all financial resources except those required to be accounted for in other funds; and
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds 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. Proprietary 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:

1. Enterprise Funds – account 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.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

Basis of Accounting/Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The Village adopts an annual budget for all funds. It is prepared in accordance with the basis of accounting utilized by the fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Appropriations lapse at year-end.

Amendments were made to the budget during the fiscal year.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in 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.

For purposes of the statement of cash flows, the Village considers all investments with maturities of less than 90 days to be cash and cash equivalents.

Investments: Investments are limited by La. Revised Statute 49:327. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Village's investments include certificates of deposit.

Receivables: Receivables are recorded net of any allowance for uncollectible amounts in both governmental and business-type activities. Revenues become susceptible to accrual when they become both measurable and available.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets: Certain proceeds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets for business-type activities are as follows:

	<u>Customer Deposits</u>	<u>Debt Retirement</u>	<u>Total</u>
Cash and cash equivalents	\$ 10,076.17	\$ 43,767.79	\$ 53,843.96

Components of restricted assets for governmental activities are as follows:

	<u>Street Maintenance</u>
Cash and cash equivalents	\$ 28,071.87

Capital Assets: The Village's assets are recorded 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.

Depreciation is recorded using the straight-line method or the modified accelerated recovery cost system over the estimated useful lives of the assets as follows:

Buildings	10-40 years	Vehicles	3-20 years
Equipment	4-10 years	Infrastructure	40-50 years
Office furniture	5-10 years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 that requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Village has elected to not report its governmental infrastructure retroactively. From this point forward, the Village will use the basic approach to infrastructure reporting for its governmental activities when applicable.

Compensated Absences: The Village does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Net Assets/Fund Balances: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Interfund Transactions: All interfund transactions except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand at June 30, 2004, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Petty cash	\$ 100.00	\$.00
Interest-bearing demand deposits	73,644.05	27,659.46
Savings accounts	<u>.00</u>	<u>30,253.52</u>
Total	<u>73,744.05</u>	<u>57,912.98</u>

**VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Of these amounts, \$53,843.96 is restricted for business-type activities, and \$28,071.87 is restricted for governmental activities.

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a *holding or custodial bank that is mutually acceptable to both parties.*

At June 30, 2004, the Village had \$131,479.40 in deposits. These deposits are secured from risk by \$200,000 of federal deposit insurance as follows:

Governmental Funds:	
General Fund	\$ 45,572.18
Special Revenue Funds	28,071.87
Proprietary Funds:	
Restricted	53,843.96
Water Fund	2,122.52
Sewer Fund	<u>1,868.87</u>
 Total	 <u>131,479.40</u>
 Felician Bank	 <u>200,000.00</u>

NOTE 3 – INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

All investments of the Village fall within category 1. The balances at June 30, 2004, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of Deposit	\$ 44,492.29	\$ 44,492.29	\$ 44,492.29

**VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

These certificates are secured from risk by \$100,000 of federal deposit insurance. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

The net receivables, with the exception of interfund and intergovernmental transactions, of \$2,276.93 at June 30, 2004, are as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accrued interest	\$ 253.22	\$ 252.37	\$ 505.59
Accounts	.00	1,771.34	1,771.24
Total	<u>253.22</u>	<u>2,023.71</u>	<u>2,276.93</u>

An allowance for bad debts is determined by a percentage based on prior years' experience. At June 30, 2004, the allowance was calculated as \$123.87 and \$48.14, respectively, in the Water and Sewer Funds.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 10,000.00	\$.00	\$.00	\$10,000.00
Capital Assts, being depreciated				
Buildings and improvements	66,090.57	17,098.27	.00	83,188.84
Less: accumulated depreciation	14,103.76	1,965.64	.00	16,069.40
Net Buildings and Improvements	51,986.81	15,132.63	.00	67,119.44
Equipment	202,744.46	26,134.66	.00	228,879.12
Less: accumulated depreciation	166,457.81	7,353.02	.00	173,810.83
Net Equipment	36,286.65	18,781.64	.00	55,068.29

**VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 40,441.84	\$ 8,000.00	\$.00	\$ 48,441.84
Less: accumulated depreciation	<u>31,212.47</u>	<u>4,427.01</u>	<u>.00</u>	<u>35,639.48</u>
Net Vehicles	9,229.37	3,572.99	.00	12,802.36
Furniture and fixtures	8,887.44	2,905.80	.00	11,793.24
Less: accumulated depreciation	<u>4,607.01</u>	<u>1,735.44</u>	<u>.00</u>	<u>6,342.45</u>
Net Furniture and fixtures	<u>4,280.43</u>	<u>1,170.36</u>	<u>.00</u>	<u>5,450.79</u>
Total Capital Assets, being depreciated, net	<u>101,783.26</u>	<u>38,657.62</u>	<u>.00</u>	<u>140,440.87</u>
Capital Assets, net	<u>111,783.26</u>	<u>38,657.61</u>	<u>.00</u>	<u>150,440.87</u>
Business-Type Activities				
Capital Assets, being depreciated				
Equipment	3,590.00	695.00	.00	4,285.00
Less: accumulated depreciation	<u>1,436.00</u>	<u>498.00</u>	<u>.00</u>	<u>1,934.00</u>
Net Equipment	2,154.00	197.00	.00	2,351.00
Sewer system	1,364,531.48	.00	.00	1,364,531.48
Less: accumulated depreciation	<u>442,080.92</u>	<u>34,261.56</u>	<u>.00</u>	<u>476,342.48</u>
Net Sewer system	922,450.56	34,261.56	.00	888,189.00
Water system	316,011.00	.00	.00	316,011.00
Less: accumulated depreciation	<u>155,277.21</u>	<u>10,398.93</u>	<u>.00</u>	<u>165,676.14</u>
Net Water system	160,733.79	10,398.93	.00	150,334.86
Total Capital Assets, being depreciated, net	<u>1,085,338.36</u>	<u>(44,857.49)</u>	<u>.00</u>	<u>1,040,874.86</u>
Capital Assets, net	<u>1,085,338.36</u>	<u>(44,463.49)</u>	<u>.00</u>	<u>1,040,874.86</u>

*Depreciation expense was charged to governmental functions as follows:

General government	\$ 3,067.76
Public safety	11,522.35
Public works	<u>891.00</u>
Total	<u>15,481.11</u>

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 6 - ACCOUNTS AND OTHER PAYABLES

The payables, with the exception of interfund and intergovernmental transactions, of \$120,719.87 at June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 4,481.24	\$ 761.15	\$ 762.55	\$ 6,004.94
Notes, short term portion	.00	.00	6,792.81	6,792.81
Bonds, short term portion	.00	.00	3,190.38	3,190.38
Customer deposits	.00	.00	10,076.17	10,076.17
 Total	 <u>4,481.24</u>	 <u>761.15</u>	 <u>115,477.48</u>	 <u>120,719.87</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of long-term debt incurred as of June 30, 2004:

	<u>Beginning 7/01/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending 6/30/04</u>
Business-Type Activities:				
Notes	\$ 24,728.40	\$.00	\$ 6,461.27	\$ 18,267.13
Bonds	89,406.61	.00	3,034.98	86,371.63
 Total Business-Type Activities	 <u>114,135.01</u>	 <u>.00</u>	 <u>9,496.25</u>	 <u>104,638.76</u>

Annual requirements to retire the note is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
6/30/05	\$ 6,792.81	\$ 761.19
6/30/06	7,141.33	412.67
6/30/07	4,332.99	73.51
 Total	 <u>18,267.13</u>	 <u>1,247.37</u>

**VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Annual requirements to retire long-term debt associated with bonds issued is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
6/30/05	\$ 3,190.38	\$ 4,249.62
6/30/06	3,353.75	4,086.25
6/30/07	3,525.47	3,914.53
6/30/08	3,706.00	3,734.00
6/30/09	3,895.77	3,544.23
Next 5 years	22,683.34	14,516.66
Next 5 years	29,116.81	8,083.19
Last 5 years	<u>16,900.11</u>	<u>1,077.49</u>
Total	<u>86,371.63</u>	<u>43,205.97</u>

NOTE 8 - RESTRICTED NET ASSETS

The following is a summary of restricted net assets at June 30, 2004:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Restricted for:		
Customer deposits	\$.00	\$ 10,076.17
Debt retirement	.00	43,767.79
Street maintenance/construction	<u>28,071.87</u>	<u>.00</u>
Total Restricted for:	<u>28,071.87</u>	<u>53,843.96</u>

NOTE 9 – LEASES

No capital leases existed at June 30, 2004.

NOTE 10 – EMPLOYMENT BENEFITS

The Village pays social security and medicare benefits on its employees. No other systems of retirement are currently in place.

NOTE 11 – POST-EMPLOYMENT BENEFITS

The Village does not provide any post-employment benefits to its employees.

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 12 – BUSINESS-TYPE ACTIVITIES - SEGMENT INFORMATION

The Village maintains two enterprise funds which provide water and sewer services. Segment information for the year ended June 30, 2004, is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Condensed Statement of Net Assets			
Current assets	\$ 19,207.55	\$ 2,774.31	\$ 21,981.86
Restricted assets	34,607.46	19,236.50	53,843.96
Capital assets, net	<u>152,685.86</u>	<u>888,189.00</u>	<u>1,040,874.86</u>
Total Assets	206,500.87	910,199.81	1,116,700.68
Current liabilities	7,244.71	3,501.03	10,745.74
Long-term liabilities	<u>21,550.49</u>	<u>83,181.25</u>	<u>104,731.74</u>
Total Liabilities	<u>28,795.20</u>	<u>86,682.28</u>	<u>115,477.48</u>
Invested in capital assets, net of related debt	134,418.73	801,817.37	936,236.10
Restricted	34,607.46	19,236.50	53,843.96
Unrestricted	<u>8,679.48</u>	<u>2,463.66</u>	<u>11,143.14</u>
Total Net Assets	<u>177,705.67</u>	<u>823,517.53</u>	<u>1,001,223.20</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets			
Operating revenues	\$ 37,732.87	\$ 18,110.42	\$ 55,843.29
Operating expenses	42,925.11	14,886.35	57,811.46
Depreciation expense	<u>10,896.93</u>	<u>34,261.57</u>	<u>45,158.50</u>
Operating Loss	(16,089.17)	(31,037.50)	(47,126.67)
Non-operating revenues (expenses), net	<u>(183.40)</u>	<u>(4,290.46)</u>	<u>(4,473.86)</u>
Change in Net Assets	(16,272.57)	(35,327.96)	(51,600.53)
Net assets, beginning	<u>193,978.24</u>	<u>858,845.49</u>	<u>1,052,823.73</u>
Net assets, ending	<u>177,705.67</u>	<u>823,517.53</u>	<u>1,001,223.20</u>

VILLAGE OF NORWOOD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Condensed Statement of Cash Flows			
Net cash provided by (used for):			
Operating activities	\$ (3,497.32)	\$ 4,553.58	\$ 1,056.26
Non-capital financing activities	.00	.00	.00
Capital and related financing activities	(7,554.00)	(7,440.00)	(14,994.00)
Investing activities	<u>(448.23)</u>	<u>114.56</u>	<u>(333.67)</u>
Net Decrease in Cash and Cash Equivalents	(11,499.55)	(2,771.86)	(14,271.41)
Cash and cash equivalents, beginning of year	<u>48,266.01</u>	<u>23,918.38</u>	<u>72,184.39</u>
Cash and cash equivalents, end of year	<u>36,766.46</u>	<u>21,146.52</u>	<u>57,912.98</u>

NOTE 13 - RELATED PARTY TRANSACTIONS

There are no related party transactions reflected in the accompanying financial statements.

NOTE 14 - LITIGATION

There currently is no pending or threatened litigation against the Village.

NOTE 15 - SUBSEQUENT EVENTS

There were no subsequent events that would have a significant impact on the accompanying financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)**

**VILLAGE OF NORWOOD, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental:				
State revenue sharing	\$ 500.00	\$ 400.00	\$ 401.00	\$ 1.00
Taxes:				
Franchise	11,800.00	18,300.00	18,088.81	(211.19)
Beer	3,000.00	3,300.00	3,915.92	615.92
Licenses and permits	10,550.00	7,350.00	10,720.80	3,370.80
Fines	55,000.00	33,000.00	33,664.00	664.00
Charges for services	600.00	500.00	600.00	100.00
Rebates and reimbursements	2,000.00	2,650.00	2,651.44	1.44
Grants	101,250.00	39,800.00	36,152.59	(3,647.41)
Donations	4,900.00	4,020.00	4,089.00	69.00
Interest earned	-	-	1,431.73	1,431.73
Other revenues	1,550.00	10.00	300.00	290.00
Total Revenues	191,150.00	109,330.00	112,015.29	2,685.29

EXPENDITURES

General Government:				
Dues and subscriptions	200.00	200.00	199.50	0.50
Insurance	2,000.00	1,200.00	1,140.33	59.67
Mardi Gras	4,500.00	3,500.00	3,544.96	(44.96)
Miscellaneous expense	3,000.00	4,000.00	4,306.29	(306.29)
Office expense	1,600.00	1,200.00	923.63	276.37
Payroll taxes	2,500.00	2,000.00	2,178.24	(178.24)
Postage	350.00	350.00	385.92	(35.92)
Professional fees	2,500.00	1,700.00	1,617.42	82.58
Public notices	600.00	1,200.00	1,248.24	(48.24)
Repairs/maintenance	1,700.00	2,200.00	1,901.94	298.06
Salaries	16,500.00	16,000.00	15,924.00	76.00
Telephone	2,000.00	2,000.00	2,070.71	(70.71)
Total General Government	37,450.00	35,550.00	35,441.18	108.82

Continued

VILLAGE OF NORWOOD, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Fire				
Gas and oil	\$ 600.00	\$ 600.00	\$ 625.74	\$ (25.74)
Office expense	150.00	150.00	88.93	61.07
Miscellaneous expense	50.00	50.00	-	50.00
Repairs/maintenance	100.00	200.00	174.59	25.41
Supplies	800.00	1,300.00	1,284.21	15.79
Telephone	-	400.00	471.03	(71.03)
Utilities	900.00	900.00	771.65	128.35
Total Fire	2,600.00	3,600.00	3,416.15	183.85
Police				
Sheriff/dispatch fees	600.00	650.00	650.00	-
Gas and oil	4,500.00	8,000.00	7,527.68	472.32
Insurance	8,500.00	10,320.00	10,304.70	15.30
Miscellaneous expense	2,000.00	2,600.00	2,609.39	(9.39)
Office expense	800.00	950.00	891.75	58.25
Payroll taxes	-	-	-	-
Repairs/maintenance	2,000.00	3,200.00	3,027.03	172.97
Salaries	15,000.00	12,362.50	14,572.50	(2,210.00)
Telephone	1,500.00	1,500.00	1,535.25	(35.25)
Training	2,500.00	2,300.00	2,328.18	(28.18)
Utilities	800.00	400.00	362.36	37.64
Total Police	38,200.00	42,282.50	43,808.84	(1,526.34)
Total Public Safety	40,800.00	45,882.50	47,224.99	(1,342.49)
Capital outlay	130,100.00	49,170.00	54,138.73	(4,968.73)
Total Expenditures	208,350.00	130,602.50	136,804.90	(6,202.40)
Net Change in Fund Balances	(17,200.00)	(21,272.50)	(24,789.61)	8,887.69
Fund Balances, beginning	94,837.00	94,837.00	94,836.93	(0.07)
Fund Balances, ending	77,637.00	73,564.50	70,047.32	8,887.62

The accompanying notes are an integral part of this statement.

**VILLAGE OF NORWOOD, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
STREETS AND SIDEWALKS FUND
YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental:				
La. DOTD maintenance fees	\$ 3,039.00	\$ 3,039.00	\$ 3,039.30	\$ 0.30
Taxes:				
Sales	23,000.00	25,000.00	25,032.24	32.24
Grant proceeds	15,000.00	-	-	-
Interest earned	-	-	222.91	222.91
Total Revenues	41,039.00	28,039.00	28,294.45	255.45
<u>EXPENDITURES</u>				
Public Works:				
Gas and oil	1,800.00	3,000.00	2,341.78	658.22
Miscellaneous expense	10,000.00	2,000.00	567.65	1,432.35
Repairs/maintenance	25,000.00	7,000.00	5,746.80	1,253.20
Utilities	4,600.00	6,000.00	4,600.42	1,399.58
Capital outlay	-	-	-	-
Total Expenditures	41,400.00	18,000.00	13,256.65	4,743.35
Net Change in Fund Balances	(361.00)	10,039.00	15,037.80	4,998.80
Fund Balances, beginning	12,273.00	12,273.00	12,272.92	(0.08)
Fund Balances, ending	11,912.00	22,312.00	27,310.72	4,998.72

The accompanying notes are an integral part of this statement.

AGREED-UPON PROCEDURES

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

(225) 775-4982

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

August 18, 2004

The Honorable Jimmy L. Garig, Mayor
and the Board of Alderpersons
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, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Norwood, Louisiana's compliance with certain laws and regulations during the year ended June 30, 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. 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).

The cash disbursements journal was scanned. There was one expenditure in excess of \$15,000 and no public works expenditures exceeding \$100,000 made during the year. Proper procedures were completed.

The Honorable Jimmy L. Garig, Mayor
and the Board of Alderpersons
Village of Norwood, Louisiana
August 18, 2004
Page Two

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 procedure (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 budgets.

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

We traced the adoption of the original budget to the minutes of a regular meeting held on June 12, 2003, which indicated that the budget had been adopted by the alderpersons unanimously. We traced amendments to the budget to the minutes of a regular meeting held on May 13, 2004. The minutes indicated that the amended budget had been adopted by a vote of three 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 failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year were within 5% or more of budget.

General fund capital outlay exceeded budget by 10% or \$4,968.73.

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 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 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 approvals from the clerk and Mayor. In addition, each of the disbursements was traced to the Village's minute book where they were approved by the full board.

Meetings

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

The Village is required to post a notice of each meeting and the accompanying agenda on the door of Town Hall. Management has asserted that such documents were properly posted, and we found copies in the files.

The Village is also required to publish the minutes of the board meetings that were 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 that appeared to be proceeds of bank loans, bonds or like indebtedness.

The Honorable Jimmy L. Garig, Mayor
and the Board of Alderpersons
Village of Norwood, Louisiana
August 18, 2004
Page Four

Advances and Bonuses

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

A reading of the 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 that would indicate payments to employees that would constitute bonuses, advances or gifts.

Our prior year report, dated September 30, 2003, did not include any comments or unresolved matters.

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. Under LSA-RS 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,



John D. Butler & Co., APAC

SUPPLEMENTAL SCHEDULES AND INFORMATION

**VILLAGE OF NORWOOD, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED JUNE 30, 2004**

<u>Name</u>	<u>Total Paid</u>
Mayor Jett	\$ 3,000.00
Alderspersons:	
Rebecca Bellue	900.00
James "Jimmy" Garig	900.00
James M. Reynolds	<u>900.00</u>
 Total	 <u>5,700.00</u>

LOUISIANA ATTESTATION QUESTIONNAIRE

Date: 7/8/04

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, 2004 and for the year 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, 2004.

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 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 ()

Louisiana Attestation Questionnaire
Page Two

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 47:1410.60-1410.65.

Yes () No ()

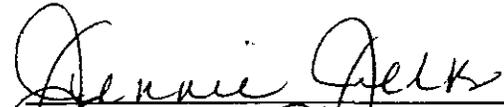
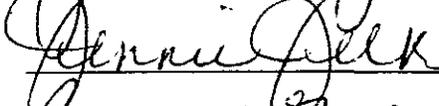
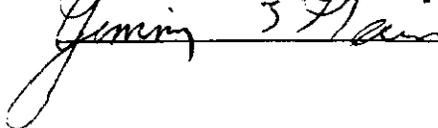
Advances and Bonuses

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.

	Secretary	<u>7/8/04</u>	Date
	Treasurer	<u>7/8/04</u>	Date
	President	<u>7/8/04</u>	Date