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VILLAGE OF KILBOURNE
 Kilbourne, Louisiana
 Annual Financial Statements
 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 10-6-04

M. Carlton Dumas
 CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2004

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VILLAGE OF KILBOURNE
Kilbourne, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2004

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF KILBOURNE
Kilbourne, Louisiana

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of Kilbourne as of June 30, 2004, and for the year then ended, in accordance with standards established by Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.

I am not independent with respect to the Village of Kilbourne for the year ended June 30, 2004.

Carleen Dumas

Calhoun, Louisiana
September 28, 2004

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

Our discussion and analysis of the Village of Kilbourne's (hereafter referred to as the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Village's financial statements that begin on page 9.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 9 and 10 provide information about the activities of the Village as a whole. Fund financial statements begin on page 11. For governmental activities, these statements provide information on how the general activities of the Village are financed in the short term as well as what remains for future spending. Fund financial statements report the Village's operations in more detail than the government-wide statements.

**Reporting the Village as a Whole - The Statement of Net Assets
and the Statement of Activities**

Our analysis of the Village as a whole begins on page 9 with the Statement of Net Assets and on page 10 with the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's net assets and the changes in them. Net assets - the difference between assets (what the Village owns) and liabilities (what the Village owes) is a way to measure the financial position of the Village. Over time, increases or decreases in the Village's net assets are an indicator of whether the Village's financial position is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Village is divided into two kinds of activities:

Governmental activities - all of the Village's governmental services are reported here including the police department, fire department, and general administration.

Business-type activities - the Village's sewer system is reported here.

Reporting the Village's Funds - Fund Financial Statements

Our analysis of the Village's funds begins on page 11. The fund financial statements provide more detailed information about the Village's funds. The Village's two kinds of funds - governmental and business-type funds use different accounting methods.

VILLAGE OF KILBOURNE
 Kilbourne, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2004

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Assets and the Statement of Activities.

COMPARATIVE ANALYSIS OF
 FINANCIAL DATA

Government-Wide

The Village's total net assets decreased by \$53,178 during 2004. The decrease in net assets is primarily due to depreciation expense in the business-type activities. The following presents an analysis of net assets and changes in net assets of the Village's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
Assets						
Current assets	\$3,274	\$3,006	\$0.00	\$(884)	\$3,404	\$2,764
Capital assets	\$9,700	\$8,126	\$41,383	\$49,126	\$51,083	\$57,972
Total assets	<u>\$13,000</u>	<u>\$11,132</u>	<u>\$41,383</u>	<u>\$48,242</u>	<u>\$54,483</u>	<u>\$60,736</u>
Liabilities						
Current liabilities	\$,000	\$,000	\$(0.00)	\$(0.00)	\$,000	\$,000
Long-term liabilities	\$0.00	\$0.00	\$(0.00)	\$(0.00)	\$0.00	\$0.00
Total liabilities	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Assets						
Invested in capital assets, net of related debt	\$1,174	\$8,000	\$41,383	\$48,242	\$48,000	\$44,544
Government	<u>\$1,174</u>	<u>\$8,000</u>	<u>\$0.00</u>	<u>\$(0.00)</u>	<u>\$0,000</u>	<u>\$0,000</u>
Total net assets	<u>\$13,000</u>	<u>\$11,132</u>	<u>\$41,383</u>	<u>\$48,242</u>	<u>\$54,483</u>	<u>\$60,736</u>

VILLAGE OF KILBOURNE
 Kilbourne, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2004

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
Program revenues						
Charges for services	\$3,063	\$3,364	\$2,499	\$3,490	\$5,562	\$6,854
General revenues						
Franchise fees	7,123	7,009			7,123	7,009
Organizational income	7,664	8,552			7,664	8,552
Investment earnings	580	204			580	204
Other general revenues	500	2,602			500	2,602
Total revenues	<u>20,930</u>	<u>22,731</u>	<u>2,499</u>	<u>3,490</u>	<u>23,429</u>	<u>26,333</u>
Program expenses						
General government	26,621	26,182			26,621	26,182
Public safety - police	263	1,684			263	1,684
Street			36,000	25,000	36,000	25,000
Total expenses	<u>27,147</u>	<u>28,466</u>	<u>36,000</u>	<u>25,000</u>	<u>63,147</u>	<u>53,486</u>
Change in net assets	\$1,203	\$4,265	\$12,911	\$24,380	\$14,114	\$28,793
Net assets-beginning	76,111	76,688	492,450	492,450	568,561	568,561
Net assets - ending	<u>\$77,314</u>	<u>\$80,953</u>	<u>\$505,361</u>	<u>\$516,830</u>	<u>582,675</u>	<u>597,354</u>

The village's total revenues increased \$10,506 in 2004 primarily due to an increase in sewer fees collected. Total expenses increased \$2,579.

Governmental Funds

Total revenues in governmental activities decreased \$963 due to a decrease in other revenues. The expenses of the governmental activities increased \$1,688 from the prior year amounts. This increase is primarily due from an increase in spending services expenses.

Business-Type Activities

The village's revenue from business-type activities increased \$11,889, from an increase in the amount of sewer fees collected. The expenses of the business-type activities increased \$2991. Maintenance and utilities expenses increased while materials and supplies expense decreased.

OVERALL FINANCIAL POSITION

The Village's net assets decreased \$52,178 as a result of this year's operations. The majority of this decrease resulted from depreciation-expense in the Sewer Enterprise Fund. Unrestricted net assets (those assets available to finance the daily operations of the Village) were \$27,378 at year end. The amount invested in capital assets was \$486,006 at year end.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported an unreserved fund balance of \$17,560. The decrease in unreserved fund balance for 2004 was \$3,323. The Sewer Enterprise Fund reported net assets of \$452,179 at year end. The decrease in net assets was \$43,270 for 2004. The decrease in net assets was a result of depreciation expense in the Sewer Enterprise Fund of \$53,533 and a \$11,889 increase in sewer fees collected.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend the General Fund budget during the year. At year end, actual revenues were \$751 less than budgeted revenues and actual expenditures were \$3,872 more than budgeted expenditures. The Village prepares its General Fund budget on the modified accrual basis of accounting.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the Village had capital assets (net of accumulated depreciation) totaling \$382,528. Capital assets include the sewer system and improvements, buildings, and equipment costing \$200 or more. There were no additions to fixed assets during the year. Additional information about the Village's capital assets is presented in Note 6 to the financial statements.

Debt

At year end the Village had \$21,791 in loans payable. Additional information about the Village's debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village expects its 2005 General Fund revenues and expenditures to remain fairly constant next year. The Village expects the revenues and expenses of the Sewer Enterprise Fund to remain fairly constant for 2005.

BASIC FINANCIAL STATEMENTS

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATEMENT OF NET ASSETS
June 30, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	Total
ASSETS			
Cash	\$6,068	\$11,048	\$17,116
Investments	12,604		12,604
Receivables	637	2,290	2,927
Internal balances	3,942	(3,942)	
Capital assets (net)	59,745	443,783	503,528
TOTAL ASSETS	82,996	452,179	535,175
LIABILITIES			
Loans payable	21,791	NONE	21,791
NET ASSETS			
Invested in capital assets (net of related debt)	43,323	443,783	487,106
Unrestricted	17,982	9,896	27,878
TOTAL NET ASSETS	61,305	\$453,679	\$514,984

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourn, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	Program Revenues - Changes for Services	Net (Expense) Revenue and Changes in Net Assets	
		Governmental Activities	Business-Type Activities
GOVERNMENTAL ACTIVITIES:			
General government	\$29,911	(826,011)	(329,411)
Public safety - police	242	4,262	4,262
Total governmental activities	<u>30,153</u>	<u>(821,749)</u>	<u>(324,249)</u>
BUSINESS-TYPE ACTIVITIES:			
Sewer service	76,120	32,248	(63,271)
Total business-type activities	<u>76,120</u>	<u>32,248</u>	<u>(63,271)</u>
GENERAL REVENUES:			
Franchise fees		1,126	7,126
Occupational licenses		7,664	7,664
Investment earnings		246	246
Other general revenues		316	116
Total general revenues		<u>11,352</u>	<u>15,152</u>
CHANGE IN NET ASSETS		<u>(8,907)</u>	<u>(52,178)</u>
NET ASSETS - BEGINNING		<u>70,112</u>	<u>495,458</u>
NET ASSETS - ENDING		<u>\$61,205</u>	<u>\$443,280</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2004

	<u>General Fund</u>
ASSETS	
Cash	\$4,068
Receivables	637
Investments	12,684
Due from other funds	<u>3,942</u>
TOTAL ASSETS	<u>\$23,331</u>
LIABILITIES AND FUND BALANCES	
Liabilities - bank loan payable - current	\$3,269
Fund balance - unreserved	<u>17,992</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$23,261</u>
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets:	
Fund balances - unreserved - Governmental Funds	\$17,992
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	59,743
Long-term liabilities such as loans payable are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(16,512)</u>
Net assets of governmental activities (Statement A)	<u>\$61,223</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

	<u>General Fund</u>
REVENUES	
Franchise taxes	\$7,128
Licenses and permits	7,666
Fines	5,007
Investment earnings	240
Other revenues	510
Total revenues	<u>28,249</u>
EXPENDITURES	
General government:	
Personal services	4,100
Operating services	12,428
Other charges	1,917
Public safety - operating services	243
Data service	5,182
Total expenditures	<u>23,870</u>
NET CHANGE IN FUND BALANCE	(3,521)
FUND BALANCE AT BEGINNING OF YEAR	<u>21,503</u>
FUND BALANCE AT END OF YEAR	<u>\$17,982</u>

(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE

Kilbourne, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2004

	<u>General Fund</u>
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**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to
the Statement of Activities:**

Net change in fund balance - General Fund	(\$3,522)
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Amount reported for governmental activities in the

Statement of Activities (Statement B) are different because:

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

(\$,694)

The repayment of the principal of long-term debt consumes current financial resources of governmental funds; however, these repayments have no effect on net assets.

<u>3,110</u>

Change in net assets of governmental activities (Statement B)	<u>(18,907)</u>
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(Continued)

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES
June 30, 2004

	<u>Sewer Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$11,648
Accounts receivable	2,290
Total current assets	<u>13,938</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	442,783
Total assets	<u>456,721</u>
LIABILITIES	
Liabilities - due to other funds	<u>3,942</u>
NET ASSETS	
Invested in capital assets	442,783
Unrestricted	9,296
Total net assets	<u>\$452,179</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
 Kilbourne, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
 For the Year Ended June 30, 2004

	Sewer Enterprise Fund
OPERATING REVENUES	
Sewer fees	<u>532,849</u>
OPERATING EXPENSES	
Maintenance	8,139
Utilities	6,887
Materials and supplies	2,905
Salaries	1,180
Taxing fees	2,400
Depreciation	33,333
Other operating expenses	<u>1,085</u>
Total operating expenses	<u>78,139</u>
CHANGE IN NET ASSETS	(43,270)
NET ASSETS - BEGINNING	<u>462,449</u>
NET ASSETS - ENDING	<u>\$419,179</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2004

	Sewer Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$32,928
Payments to suppliers	(21,467)
Payments to employees	(1,089)
Net cash used by operating activities	<u>10,362</u>
CASH AT BEGINNING OF YEAR	<u>686</u>
CASH AT END OF YEAR	<u>\$11,048</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating Loss	<u>(943,270)</u>
Adjustments:	
Depreciation	53,933
Decrease in accounts receivable	79
Total adjustments	<u>53,972</u>
Net cash provided by operating activities	<u>\$10,362</u>

See accountant's compilation report and accompanying notes.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

INTRODUCTION

The Village of Kilbourne was incorporated under the provisions of the Louisiana Act. The village is governed by the mayor-board of aldermen form of government. The village provides public safety and general government services to its residents. The village has an elected Chief of Police and two other part-time employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of Kilbourne is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The village has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Village of Kilbourne. Governmental activities, which normally are supported by franchise taxes and other general revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and to have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the village.

The Village of Kilbourne reports the following governmental fund:

General Fund

The General fund is the general operating fund of the village and accounts for all financial resources of the general government.

The Village of Kilbourne reports the following business-type activity fund:

See accountant's compilation report.

Sewer Enterprise Fund

The Sewer Enterprise fund accounts for the operations of the village's sewer system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and business-type activities fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided. General revenues include all taxes.

Business-type activities funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Sewer Enterprise Fund's operating revenues consist of sewer fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in demand deposits. State law allows the village to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 2004, the village's investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

D. **Receivables**

All receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The village is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

E. **Capital Assets**

Capital assets, which include the sewer system and improvements, buildings, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. Approximately 96 percent of the village's capital assets have been capitalized at cost and the remaining 4 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Village of Kilbourn maintains a threshold level of \$200 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - sewer system and improvements	25 years
Buildings	40 years
Equipment	5-10 years

F. **Long-term Obligations**

In the government-wide financial statements and the business-type activities fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets.

G. **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

management plans that are subject to change. At June 30, 2004, the village's governmental fund balances were unreserved and undesignated.

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from these estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Information

The Village of Kilbourn uses the following budget practices:

A General Fund budget prepared on the modified accrual basis of accounting was adopted by the village for the year ended June 30, 2004. Encumbrance accounting is not utilized by the village. There were no budget amendments during the year ended June 30, 2004.

B. Excess of Expenditures Over Appropriations

The General Fund had actual expenditures over budgeted appropriations for the year ended June 30, 2004 as follows:

	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	<u>\$21,000</u>	<u>\$21,000</u>	<u>\$23,872</u>	<u>\$2,872</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2004, the village has cash and investments (book balances) as follows:

Checking accounts	\$17,118
Investments - certificates of deposit	<u>12,684</u>
Total	<u>\$29,802</u>

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2004, the Village of Kilbourn has \$29,720 in deposits (collected bank balances). These deposits are secured from risk by \$29,720 of federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2004:

	General Fund	Sewer Enterprise Fund
Franchise taxes	\$637	
Accounts		\$1,370
Allowance for doubtful accounts	NONE	NONE
Total	<u>\$637</u>	<u>\$1,370</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at June 30, 2004:

	Due From Other Funds	Due To Other Funds
General Fund	\$1,942	
Sewer Enterprise Fund		\$1,942
Total	<u>\$1,942</u>	<u>\$1,942</u>

The amount due to the General Fund is for Sewer Enterprise Fund expenses paid by the General Fund in prior years.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

	Balance at July 1, 2003	Increase	Decreases	Balance at June 30, 2004
Governmental activities:				

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

	Balance at July 1, 2003	Increase	Decrease	Balance at June 30, 2004
Capital assets being depreciated:				
Buildings	594,000			594,000
Equipment	51,420			51,420
Total capital assets being depreciated	145,420	NONE	NONE	145,420
Less accumulated depreciation for:				
Buildings	64,533	8590		65,383
Equipment	12,848	7,644		20,292
Total accumulated depreciation	77,381	8,494	NONE	85,675
Total assets being depreciated, net	68,039	(18,494)	NONE	55,745
Business-type activities:				
Capital assets being depreciated:				
Sewer systems and improvements	\$1,338,828	NONE	NONE	\$1,338,828
Less accumulated depreciation for:				
Sewer systems and improvements	582,482	553,553	NONE	\$109,043
Total assets being depreciated, net	756,346	(553,553)	NONE	242,783

Depreciation expense of \$5,494 for the year ended June 30, 2004 was charged to the general government function.

7. SHORT-TERM BANK LOAN

On January 28, 2004, the village borrowed \$6,500 from Regions Bank to use for General Fund operations. The loan has an interest rate of 4.25 percent. The principal and interest is due November 28, 2004.

The following is a summary of short-term debt transactions for the year ended June 30, 2004:
See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

	<u>Bank Loan</u>
Short-term obligations payable at July 1, 2003	\$6,500
Additions	NONE
Reductions	<u>(3,231)</u>
Short-term obligations payable at June 30, 2004	<u>\$3,269</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended June 30, 2004:

	<u>Loan Payable</u>
Long-term obligations payable at July 1, 2003	\$19,631
Additions	NONE
Reductions	<u>(3,109)</u>
Long-term obligations payable at June 30, 2004	<u>\$16,522</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	<u>Loan Payable</u>
Current portion	\$3,516
Long-term portion	<u>12,606</u>
Total	<u>\$16,522</u>

All outstanding debt at June 30, 2004, in the amount of \$16,522 is the balance on a bank loan dated February 1998 in the amount of \$24,000 for the purchase of a building. The loan bears interest at 8.9 percent. The principal and interest is being repaid in monthly installments of \$431. Total principal and interest payable in the next fiscal year are \$3,516 and \$1,252, respectively. The final payment is due February 20, 2008. The interest to maturity is approximately \$2,712. The bonds are due as follows:

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$5,916	\$1,152	\$7,068
2006	4,279	88	5,168
2007	4,636	492	5,128
2008	3,681	88	3,769
Total	<u>\$16,512</u>	<u>\$1,718</u>	<u>\$18,230</u>

9. RISK MANAGEMENT

The village purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

See accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise fees	\$8,750	\$8,750	\$7,128	\$1,622
Licenses and permits	18,000	18,000	7,864	(10,136)
Fees	3,000	3,000	3,007	(3)
Investment earnings	750	750	240	(510)
Other revenues	600	600	318	(282)
Total revenues	<u>31,100</u>	<u>31,100</u>	<u>26,557</u>	<u>(4,543)</u>
EXPENDITURES				
General government:				
Personal services	3,000	3,000	4,308	(1,308)
Operating services	18,300	18,300	12,428	(5,872)
Materials and supplies	300	300	300	
Other charges	2,600	2,600	1,917	(683)
Public safety - operating services	300	300	245	(55)
Debt service	4,200	4,200	3,182	(1,018)
Total expenditures	<u>21,000</u>	<u>21,000</u>	<u>20,872</u>	<u>(1,128)</u>
NET CHANGE IN FUND BALANCE	100	100	(3,315)	(3,215)
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>21,508</u>	<u>21,508</u>
FUND BALANCE AT END OF YEAR	<u>100</u>	<u>100</u>	<u>17,893</u>	<u>17,893</u>

There were no budget amendments for the year ended June 30, 2004.

See accountant's compilation report.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2004

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 3.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
N/A	2000	Need to Amend General Fund Budget	No	See Current Year Findings
N/A	2000	Need to Obtain State Bond Commission Approval Before Incurring Debt	Yes	N/A

See accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
NA	Actual General Fund expenditures exceeded budgeted expenditures by \$2,872 or 14%.	In the future, the village will amend the General Fund budget in accordance with state law.	Jim Sowell, Mayor	06/30/05

See accountant's compilation report.