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VILLAGE OF KILBOURNE
Kilbourne, Louisiana

Annual Financial Statements

As of and for the Year Ended
June 30, 2003

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

Release Date 6-9-04

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2003

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VILLAGE OF KILBOURNE
Kilbourne, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2003

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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, 2003, 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.

As described in Note 1 to the basic financial statements, the Village of Kilbourne adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2003. This results in a change in the format and content of the basic financial statements for the year ended June 30, 2003.

Carleen Dumas

Calhoun, Louisiana
September 10, 2003

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2003

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, 2003. 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 8 and 9 provide information about the activities of the Village as a whole. Fund financial statements begin on page 10. 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 8 with the Statement of Net Assets and on page 9 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.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2003

Reporting the Village's Funds - Fund Financial Statements

Our analysis of the Village's funds begins on page 10. The fund financial statements provide more detailed information about the Village's funds. The Fire Department and Police Department special revenue funds and the Sewer Enterprise Fund were established by the Village to help it control and manage money for particular purposes. The Fire Department and Police Department special revenue funds were closed during the year ended June 30, 2003 and the remaining funds were transferred to the General Fund. All future expenditures for fire and police protection will be made from the General Fund. The Village's two kinds of funds - governmental and business type funds use different accounting methods.

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**

The current year is the first period that the Village has applied Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Therefore, prior year information derived from government-wide financial statements is not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

The prior year financial statements are not available, therefore, it is not feasible to compare current year activity with prior year information.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2003

OVERALL FINANCIAL POSITION

The Village's net assets decreased \$61,482 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 \$19,861 at year end. The amount invested in capital assets was \$544,944 at year end.

VILLAGE'S FUNDS

At the end of the year, the Village's General Fund reported an unreserved fund balance of \$20,747. The increase in unreserved fund balance for 2003 was \$214. The Sewer Enterprise Fund reported net assets of \$495,450 at year end. The decrease in net assets was \$54,169 for 2003. The decrease in net assets was a result of depreciation expense in the Sewer Enterprise Fund of \$53,553.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend the General Fund budget during the year. At year end, actual revenues were \$1,705 more than budgeted revenues and actual expenditures were \$2,754 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 \$564,575. Capital assets include the sewer system and improvements, buildings, and equipment costing \$500 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 \$26,131 in loans payable. The Village has a short-term bank loan in the amount of \$6,500 that was obtained during the year ended June 30, 2003 to help fund the operations of the General Fund. Additional information about the Village's debt is presented in Note 6 to the financial statements.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2003

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village expects its 2004 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 2004.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana
STATEMENT OF NET ASSETS
June 30, 2003

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$10,941	\$686	\$11,627
Investments	12,364		12,364
Receivables		2,370	2,370
Internal balances	3,942	(3,942)	
Capital assets (net)	68,239	496,336	564,575
TOTAL ASSETS	<u>95,486</u>	<u>495,450</u>	<u>590,936</u>
LIABILITIES			
Loans payable	26,131	NONE	26,131
NET ASSETS			
Invested in capital assets (net of related debt)	48,608	496,336	544,944
Unrestricted (deficit)	20,747	(886)	19,861
TOTAL NET ASSETS	<u>\$69,355</u>	<u>\$495,450</u>	<u>\$564,805</u>

See accompanying notes and accountant's compilation report.

Statement B

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2003

	Program Revenues - Charges for Services	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:				
General government	\$26,183	(\$26,183)		(\$26,183)
Public safety - police	1,685	1,679		1,679
Total governmental activities	<u>27,868</u>	<u>(24,504)</u>	<u>NONE</u>	<u>(24,504)</u>
BUSINESS-TYPE ACTIVITIES:				
Sewer service	75,129	20,960	(\$54,169)	(\$4,169)
Total business-type activities	<u>\$102,997</u>	<u>(24,504)</u>	<u>(54,169)</u>	<u>(78,673)</u>
GENERAL REVENUES:				
Franchise taxes		6,248		6,248
Occupational licenses		8,052		8,052
Investment earnings		216		216
Other general revenues		2,675		2,675
Total general revenues		<u>17,191</u>	<u>NONE</u>	<u>17,191</u>
CHANGE IN NET ASSETS		(7,313)	(54,169)	(61,482)
NET ASSETS - BEGINNING		76,668	549,619	626,287
NET ASSETS - ENDING		<u>\$69,355</u>	<u>\$495,450</u>	<u>\$564,805</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2003

	<u>General Fund</u>
ASSETS	
Cash	\$10,941
Investments	12,364
Due from other funds	<u>3,942</u>
TOTAL ASSETS	<u><u>\$27,247</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities - bank loan payable - current	\$6,500
Fund balance - unreserved	<u>20,747</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$27,247</u></u>
 Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets:	
Fund balances - unreserved - Governmental Funds	\$27,247
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	68,239
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>(26,131)</u>
Net assets of governmental activities (Statement A)	<u><u>\$69,355</u></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, 2003

	General Fund	Fire Department Special Revenue Fund	Police Department Special Revenue Fund	Total Governmental Funds
REVENUES				
Franchise taxes	\$6,248			\$6,248
Licenses and permits	8,052			8,052
Fines	3,364			3,364
Investment earnings	216			216
Other revenues	2,675			2,675
Total revenues	<u>20,555</u>	<u>NONE</u>	<u>NONE</u>	<u>20,555</u>
EXPENDITURES				
General government:				
Personal services	3,200			3,200
Operating services	10,629			10,629
Other charges	1,957			1,957
Public safety -operating services	1,685			1,685
Debt service	5,183			5,183
Total expenditures	<u>22,654</u>	<u>NONE</u>	<u>NONE</u>	<u>22,654</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(2,099)</u>	<u>NONE</u>	<u>NONE</u>	<u>(2,099)</u>
OTHER FINANCING SOURCES				
Transfers in	2,313			2,313
Transfers out		(1,108)	(1,205)	(2,313)
Total other financing sources	<u>2,313</u>	<u>(1,108)</u>	<u>(1,205)</u>	<u>NONE</u>
NET CHANGE IN FUND BALANCE	214	(1,108)	(1,205)	(2,099)
FUND BALANCE AT BEGINNING OF YEAR	<u>20,533</u>	<u>1,108</u>	<u>1,205</u>	<u>22,846</u>
FUND BALANCE AT END OF YEAR	<u>\$20,747</u>	<u>NONE</u>	<u>NONE</u>	<u>\$20,747</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, 2003

	<u>General Fund</u>	<u>Fire Department Special Revenue Fund</u>	<u>Police Department Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities:				
Net change in fund balances - Total Governmental Funds				(\$2,099)
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 those 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.				(8,494)
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.				3,280
Change in net assets of governmental activities (Statement B)				<u><u>(\$7,313)</u></u>

(Concluded)

See accompanying notes and accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES
June 30, 2003

	<u>Sewer Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$686
Accounts receivable	2,370
Total current assets	<u>3,056</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	496,336
Total assets	<u>499,392</u>
LIABILITIES	
Liabilities - due to other funds	<u>3,942</u>
NET ASSETS	
Invested in capital assets	496,336
Unrestricted	(886)
Total net assets	<u><u>\$495,450</u></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, 2003

	<u>Sewer Enterprise Fund</u>
OPERATING REVENUES	
Sewer fees	<u>\$20,960</u>
OPERATING EXPENSES	
Maintenance	6,171
Utilities	5,347
Materials and supplies	4,686
Postage	222
Salaries	1,200
Legal fees	310
Testing fees	3,335
Depreciation	53,553
Other operating expenses	305
Total operating expenses	<u>75,129</u>
CHANGE IN NET ASSETS	(54,169)
NET ASSETS - BEGINNING	<u>549,619</u>
NET ASSETS - ENDING	<u><u>\$495,450</u></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, 2003

	<u>Sewer Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$21,285
Payments to suppliers	(20,376)
Payments to employees	(1,200)
Net cash used by operating activities	<u>(291)</u>
CASH AT BEGINNING OF YEAR	<u>977</u>
CASH AT END OF YEAR	<u><u>\$686</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating Loss	(<u>\$54,169</u>)
Adjustments:	
Depreciation	53,553
Decrease in accounts receivable	325
Total adjustments	<u>53,878</u>
Net cash used by operating activities	<u><u>(\$291)</u></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, 2003

INTRODUCTION

The Village of Kilbourne was incorporated under the provisions of the Lawrason 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 judgements, 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 so 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 funds:

General Fund

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

See accountant's compilation report.

Special Revenue - Fire Department Fund

The Fire Department Fund was used to account for financial resources to be used in providing fire protection to the residents of the village. This fund was closed during the year ended June 30, 2003 and the balance in the fund was transferred to the General Fund.

Special Revenue - Police Department Fund

The Police Department Fund was used to account for financial resources to be used in providing police protection to the residents of the village. This fund was closed during the year ended June 30, 2003 and the balance in the fund was transferred to the General Fund.

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

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.

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

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, 2003, 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.

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 Kilbourne maintains a threshold level of \$500 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

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

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 management plans that are subject to change. At June 30, 2003, the village's governmental fund balances were unreserved and undesignated.

H. 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 those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

A. Budget Information

The Village of Kilbourne 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, 2003. Encumbrance accounting is not utilized by the village. There were no budget amendments during the year ended June 30, 2003.

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

B. Excess of Expenditures Over Appropriations

The General Fund had actual expenditures over budgeted appropriations for the year ended June 30, 2003 as follows:

	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	<u>\$19,900</u>	<u>\$19,900</u>	<u>\$22,654</u>	<u>\$2,754</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2003, the village has cash and investments (book balances) as follows:

Checking accounts	\$11,627
Investments - certificates of deposit	<u>12,364</u>
Total	<u>\$23,991</u>

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, 2003, the Village of Kilbourne has \$23,991 in deposits (collected bank balances). These deposits are secured from risk by \$23,991 of federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2003:

Accounts	Sewer Enterprise Fund
Allowance for doubtful accounts	<u>\$2,370</u>
Total	<u>NONE</u>
	<u>\$2,370</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at June 30, 2003:

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

	Due From Other Funds	Due To Other Funds
General Fund	\$3,942	
Sewer Enterprise Fund		\$3,942
Total	<u>\$3,942</u>	<u>\$3,942</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, 2003, is as follows:

	Balance at July 1, 2002	Increases	Decreases	Balance at June 30, 2003
Governmental activities:				
Capital assets being depreciated:				
Buildings	\$94,000			\$94,000
Equipment	51,420			51,420
Total capital assets being depreciated	<u>145,420</u>	NONE	NONE	<u>145,420</u>
Less accumulated depreciation for:				
Buildings	63,683	\$850		64,533
Equipment	5,004	7,644		12,648
Total accumulated depreciation	<u>68,687</u>	8,494	NONE	<u>77,181</u>
Total assets being depreciated, net	<u>\$76,733</u>	<u>(\$8,494)</u>	<u>NONE</u>	<u>\$68,239</u>
Business-type activities:				
Capital assets being depreciated:				
Sewer system and improvements	<u>\$1,338,828</u>	NONE	NONE	<u>\$1,338,828</u>

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

	Balance at July 1, 2002	Increases	Decreases	Balance at June 30, 2003
Less accumulated depreciation for:				
Sewer system and improvements	<u>\$788,939</u>	<u>\$53,553</u>	<u>NONE</u>	<u>\$842,492</u>
Total assets being depreciated, net	<u>\$549,889</u>	<u>(\$53,553)</u>	<u>NONE</u>	<u>\$496,336</u>

Depreciation expense of \$8,494 for the year ended June 30, 2003 was charged to the general government function.

7. SHORT-TERM BANK LOAN

On January 28, 2003, 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 October 29, 2003.

The following is a summary of short-term debt transactions for the year ended June 30, 2003:

	<u>Bank Loan</u>
Short-term obligations payable at July 1, 2002	NONE
Additions	6,500
Reductions	<u>NONE</u>
Short-term obligations payable at June 30, 2003	<u>\$6,500</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended June 30, 2003:

	<u>Loan Payable</u>
Long-term obligations payable at July 1, 2002	\$22,911
Additions	NONE
Reductions	<u>(3,280)</u>

See accountant's compilation report.

VILLAGE OF KILBOURNE
Notes to the Financial Statements

Long-term obligations payable at
June 30, 2003 \$19,631

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, 2003:

	<u>Loan Payable</u>
Current portion	\$3,584
Long-term portion	<u>16,047</u>
Total	<u>\$19,631</u>

All outstanding debt at June 30, 2003, in the amount of \$19,631 is the balance on a bank loan dated February 1998 in the amount of \$34,000 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. Bond principal and interest payable in the next fiscal year are \$3,584 and \$1,584, respectively. The final payment is due February 20, 2008. The interest to maturity is approximately \$4,306. The bonds are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2004	\$3,584	\$1,584	\$5,168
2005	3,916	1,252	5,168
2006	4,279	889	5,168
2007	4,676	492	5,168
2008	<u>3,176</u>	<u>89</u>	<u>3,265</u>
Total	<u>\$19,631</u>	<u>\$4,306</u>	<u>\$23,937</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.

See accountant's compilation report.

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, 2003

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$4,750	\$4,750	\$6,248	\$1,498
Licenses and permits	12,000	12,000	8,052	(3,948)
Fines	750	750	3,364	2,614
Investment earnings	750	750	216	(534)
Other revenue	600	600	2,675	2,075
Total revenues	<u>18,850</u>	<u>18,850</u>	<u>20,555</u>	<u>1,705</u>
EXPENDITURES				
General government:				
Personal services	3,600	3,600	3,200	400
Operating services	8,400	8,400	10,629	(2,229)
Materials and supplies	200	200		200
Other charges	2,000	2,000	1,957	43
Public safety - operating services	500	500	1,685	(1,185)
Debt service	5,200	5,200	5,183	17
Total expenditures	<u>19,900</u>	<u>19,900</u>	<u>22,654</u>	<u>(2,754)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(1,050)	(1,050)	(2,099)	(1,049)
OTHER FINANCING SOURCE - transfer in	<u>NONE</u>	<u>NONE</u>	2,313	2,313
NET CHANGE IN FUND BALANCE	(1,050)	(1,050)	214	1,264
FUND BALANCE AT BEGINNING OF YEAR	<u>22,687</u>	<u>22,687</u>	<u>20,533</u>	<u>(2,154)</u>
FUND BALANCE AT END OF YEAR	<u>\$21,637</u>	<u>\$21,637</u>	<u>\$20,747</u>	<u>(\$890)</u>

There were no budget amendments for the year ended June 30, 2003.

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, 2003

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.

See accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, LouisianaSTATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2003

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
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The prior year report has not been released; therefore, the status of any prior year findings cannot be determined at June 30, 2003.

See accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2003

<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>
N/A	Actual General Fund expenditures exceeded budgeted expenditures by \$2,754 or 14%.	In the future, the village will amend the General Fund budget in accordance with state law.	Jim Sowell, Mayor	06/30/04
N/A	The village did not obtain state bond commission approval before incurring debt with repayment terms exceeding 90 days.	In the future, the village will obtain state bond commission approval before incurring debt.	Jim Sowell, Mayor	N/A

See accountant's compilation report.

VILLAGE OF KILBOURNE
Kilbourne, Louisiana
ANNUAL SWORN FINANCIAL STATEMENTS
AND CERTIFICATION OF REVENUES \$50,000 OR LESS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

RECEIVED
LEGISLATIVE AUDITOR

03 SEP 25 AM 9:09

A F F I D A V I T

Personally came and appeared before the undersigned authority, Carol Harris, who, duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Village of Kilbourne as of June 30, 2003, and the results of operations for the year then ended, in accordance with basis of accounting described within the accompanying financial statements.

In addition, Carol Harris, who, duly sworn, deposes and says that the Village of Kilbourne received less than \$50,000 in revenues and other sources for the fiscal year ending June 30, 2003 and, accordingly, the village did not have an audit for the previously mentioned fiscal year-end.

Carol Harris

Clerk - Village of Kilbourne

Sworn to and subscribed before me, this 23 day of Sept, 2003.

Helen Dyche
NOTARY PUBLIC



Agency: Village of Kilbourne
Address: Post Office Box 395
Kilbourne, Louisiana 71253
Telephone: (318) 428-8777

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