

# TOWN OF KENTWOOD LOUISIANA

## Financial Report



December 31, 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 7-21-04

**Town of Kentwood, Louisiana**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2003  
With Supplemental Information Schedules**

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**Town of Kentwood, Louisiana**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2003  
With Supplemental Information Schedules**

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# **WILLIAM R. DURDEN**

*Certified Public Accountant*

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MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

The Honorable Mayor Harold J. Smith  
and Members of the Board of Aldermen  
Town of Kentwood, Louisiana

Commissioners:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kentwood, Louisiana, as of December 31, 2003, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Kentwood's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Kentwood. The information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In my opinion, the basic financial statements and supplemental information referred to in the above paragraphs, present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund, of the Town of Kentwood, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows of its proprietary fund types, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**WILLIAM R. DURDEN**

*Certified Public Accountant*

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MEMBER  
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In accordance with Government Auditing Standards, I have also issued my report dated June 23, 2004, on my consideration of the Town of Kentwood, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis on pages 3-15 is not a required part of these basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.



William R. Durden, CPA

June 23, 2004

**Required Supplemental Information (Part I)**  
**Management's Discussion and Analysis**

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Introduction**

The Town of Kentwood, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. Although the Town was not required to implement GASB 34 until the fiscal year ending December 31, 2003, management elected early implementation in the fiscal year ending December 31, 2002 to provide financial statement users a more detailed and comprehensive analysis of the Town's financial performance. This is the second year of presentation under the new GASB 34 format.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 17 through 50 of this report.

**Financial Highlights**

- At December 31, 2003, the Town's assets exceeded its liabilities by \$6,105,833 (net assets). Of this amount, \$2,296,800 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2003, the Town's total net assets decreased by \$310,931.
- At December 31, 2003, the Town's governmental funds reported combined ending fund balances of \$1,715,046, a decrease of \$127,725 for the year. Of this amount, 81% is available for spending at the Town's discretion (unreserved fund balances).
- At December 31, 2003, the Town's proprietary funds reported combined ending net assets of \$3,639,245, a decrease of \$241,080 for the year. Of this amount, approximately 25%, or \$907,294, is available for spending at the Town's discretion (unrestricted net assets).
- For the year ended December 31, 2003, the Town's total debt decreased by \$12,623, or approximately 2%, due primarily to revenue bond principal payments.

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Overview of the Annual Financial Report**

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental and business-type activities are presented in separate columns along with a total column for the primary government.

The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

- **Governmental activities** - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed, primarily by, property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.
- **Business-type activities** - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

The government-wide financial statements include the activity of the Town of Kentwood, Louisiana (primary government) only and can be found on pages 16 through 18 of this report.

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers, as well as the Town's housing assistance program. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail. The basic proprietary fund financial statements can be found on pages 23 through 28 of this report.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliation can be found on pages 20 and 22 of this report.

**Notes to the Financial Statements:** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 46 of this report.

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 18 of this report.

**Net Assets  
December 31, 2003 and 2002**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Assets:</b>						
Current and Other Assets	\$ 1,794,108	\$ 1,980,456	\$ 1,176,020	\$ 1,298,786	\$ 2,970,128	\$ 3,279,242
Capital Assets	751,542	693,668	3,459,201	3,650,951	4,210,743	4,344,639
Total Assets	<u>2,545,650</u>	<u>2,674,124</u>	<u>4,635,221</u>	<u>4,949,737</u>	<u>7,180,871</u>	<u>7,623,881</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	-	-	804,274	816,897	804,274	816,897
Other Liabilities	79,062	137,685	191,702	252,515	270,764	390,200
Total Liabilities	<u>79,062</u>	<u>137,685</u>	<u>995,976</u>	<u>1,069,412</u>	<u>1,075,038</u>	<u>1,207,097</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	751,542	693,668	2,654,927	2,834,054	3,406,469	3,527,722
Restricted	325,540	325,540	77,024	296,084	402,564	621,624
Unrestricted	1,389,506	1,517,231	907,294	750,187	2,296,800	2,267,418
Total Net Assets	<u>\$ 2,466,588</u>	<u>\$ 2,536,439</u>	<u>\$ 3,639,245</u>	<u>\$ 3,880,325</u>	<u>\$ 6,105,833</u>	<u>\$ 6,416,764</u>

Approximately 56% of the Town's net assets reflect its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 6% of the Town's net assets represent resources that are subject to external restriction on how they may be used. The Town's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 38% of the Town's net assets are unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for separate governmental and business-type activities. The same held true for the prior fiscal year.

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

The Town's activities decreased its total net assets by \$310,931, with governmental activities decreasing net assets by \$69,851 and business-type activities decreasing net assets by \$241,080.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on pages 19 and 20 of this report.

Changes in Net Assets  
For the Years Ended December 31, 2003 and 2002

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 313,477	\$ 245,305	\$ 1,187,927	\$ 1,211,770	\$ 1,501,404	\$ 1,457,075
Operating Grants and Contributions	126,784	71,460	-	-	126,784	71,460
Capital Grants and Contributions	22,000	324,364	-	-	22,000	324,364
<b>General Revenues:</b>						
Taxes	677,787	690,555	-	-	677,787	690,555
Fire Insurance Rebates	25,353	22,453	-	-	25,353	22,453
Parish Allocation	236,399	253,095	-	-	236,399	253,095
Interest Income	15,518	23,148	10,834	17,769	26,352	40,917
Other Revenues	1,511	25,444	-	924	1,511	26,368
<b>Total Revenues</b>	<b>1,418,829</b>	<b>1,655,824</b>	<b>1,198,761</b>	<b>1,230,463</b>	<b>2,617,590</b>	<b>2,886,287</b>
<b>Expenses:</b>						
General and Administrative	505,521	317,492	-	-	505,521	317,492
Police Protection	429,841	407,304	-	-	429,841	407,304
Fire Protection	414,917	207,023	-	-	414,917	207,023
Streets and Sanitation	346,787	376,136	-	-	346,787	376,136
Health and Welfare	6,540	6,570	-	-	6,540	6,570
Culture and Recreation	12,074	8,727	-	-	12,074	8,727
Capital Projects	-	349,364	-	-	-	349,364
Water, Gas, and Sewer Utility	-	-	1,057,912	958,969	1,057,912	958,969
Housing Assistance	-	-	154,929	137,656	154,929	137,656
<b>Total Expenses</b>	<b>1,715,680</b>	<b>1,672,616</b>	<b>1,212,841</b>	<b>1,096,625</b>	<b>2,928,521</b>	<b>2,769,241</b>
Change in Net Assets Before Transfers and Contributions	-296,851	-16,792	-14,080	133,838	-310,931	117,046
Transfers	227,000	228,620	-227,000	-230,000	-	-1,380
Capital Contributions	-	-	-	382,817	-	382,817
<b>Change in Net Assets</b>	<b>-69,851</b>	<b>211,828</b>	<b>-241,080</b>	<b>286,655</b>	<b>-310,931</b>	<b>498,483</b>
Net Assets, Beginning	2,536,439	2,324,611	3,880,325	3,593,670	6,416,764	5,918,281
<b>Net Assets, Ending</b>	<b>\$ 2,466,588</b>	<b>\$ 2,536,439</b>	<b>\$ 3,639,245</b>	<b>\$ 3,880,325</b>	<b>\$ 6,105,833</b>	<b>\$ 6,416,764</b>

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Governmental Activities**

The Town's governmental net assets decreased, by \$69,851, or 3% of the prior year ending net assets, of \$2,466,588. The overall decrease in net assets is partially offset by a \$227,000 transfer of funds from the Town's business-type activities. The change in net assets is \$281,679 less than the prior year, this difference being caused by a \$211,665 decrease in revenues and a \$70,014 increase in expenses, respectively, over prior year amounts. The decrease in revenues noted above is primarily comprised of increased charges for services and decreased capital grants and contributions. The increase in charges for services of \$68,172 is largely attributable to many patrons taking advantage of the Town's offer to pay one-time lifetime cemetery fees in lieu of annual fees. The decrease in capital grants and contributions of \$302,364 is due mostly to the completion of an LCDBG capital project in the prior year.

The increase in expenses noted above is primarily comprised of increased general & administrative and fire department expenses and decreased capital project expenses. The increase in general and administrative expense of \$188,029 is due mainly to increased health insurance costs and a one-time air conditioning grant from the Town to the local high school. The increase in fire department expense of \$207,894 is largely attributable to the purchase of fixed assets for the local fire district. The decrease in capital project expense of \$349,364 is caused entirely by the completion of an LCDBG capital project in the prior year.

**Business-Type Activities**

The Town's business-type net assets decreased, by \$241,080, or 6% of the prior year ending net assets, to \$3,639,245. The overall increase in net assets is partially offset by a \$227,000 transfer of funds to the Town's governmental activities. The change in net assets is \$527,735 less than the prior year, this difference being caused by a \$414,519 decrease in revenues and a \$113,216 increase in expenses, respectively, over prior year amounts.

The decrease in revenues noted above is primarily comprised of decreased charges for services and decreased capital contributions. The decrease in charges for services of \$23,843 is largely attributable to decreased water, gas, and sewer charges. The decrease in capital contributions of \$382,817 is due mostly to the completion of an LCDBG capital project in the prior year.

The increase in expenses noted above is primarily comprised of increased cost of natural gas sold. The increase in cost of natural gas sold of \$86,584 is reflective of a nationwide increase in energy costs in the current year from the prior year.

**Fund Financial Analysis**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 23 through 28 of this report.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$1,715,046, \$325,540 of which is reserved for capital projects, and \$1,389,506 of which is unreserved and available for spending at the Town's discretion. This represents a decrease of \$127,725, or 7% of the prior year's ending balances. This decrease is insignificant.

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$938,427, \$325,540 of which was reserved for capital projects, and \$612,887 of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41% of total general fund expenditures, while total fund balance represents 63% of the same amount.

During the current year, the Town's general fund balance decreased by \$116,000. The reduction in general fund balance is insignificant.

**Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**General Fund Budgetary Highlights**

The Town of Kentwood demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources exceeded final budgeted amounts by \$45,117. Final budgeted expenditures and other uses exceeded actual amounts by \$5,000. Final budgeted net change in fund balance was \$50,117 more than actual amounts.

For the general fund, original budgeted revenues and other sources were \$1,459,970 and final budgeted revenues and other sources were \$1,334,270. Original budgeted expenditures and other uses were \$1,459,120 and final budgeted expenditures and other uses were \$1,500,387.

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

Significant variations from the general fund's original and final amended budgets were as follows:

- Budgeted operating transfers in from the utility fund were decreased by \$168,350 because it was determined that the funds would not be needed in the general fund due to changes in estimates.
- Budgeted capital outlay for streets and sanitation were increased by \$54,000 because it was decided that a tractor and side-arm mower were needed to maintain the Town's ditches and rights-of-way.

**Capital Assets and Debt Administration**

**Capital Assets**

The Town elected early implementation of GASB 34 in the fiscal year ending December 31, 2002. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2002, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2003 amounts to \$4,210,743 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year was \$133,876 (net of depreciation).

Major capital asset events during the current year included sewer utility system extensions, sidewalk improvements, and purchases of law enforcement equipment, street maintenance equipment, and computer equipment.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements on pages 39 and 40 of this report.

**Capital Assets (Net of Depreciation)  
December 31, 2003 and 2002**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 271,515	\$ 271,515	\$ 11,000	\$ 11,000	\$ 282,515	\$ 282,515
Buildings and Improvements	270,740	290,569	6,444	8,192	277,184	298,761
Machinery and Equipment	187,536	131,584	5,381	2,282	192,917	133,866
Infrastructure	21,751	-	-	-	21,751	-
Water Utility System	-	-	1,165,188	1,223,072	1,165,188	1,223,072
Gas Utility System	-	-	244,131	258,894	244,131	258,894
Sewer Utility System	-	-	2,027,057	2,147,511	2,027,057	2,147,511
Capital Assets, Net	<u>\$ 751,542</u>	<u>\$ 693,668</u>	<u>\$ 3,459,201</u>	<u>\$ 3,650,951</u>	<u>\$ 4,210,743</u>	<u>\$ 4,344,619</u>

Town of Kentwood, Louisiana

Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2003

**Long-Term Debt**

At December 31, 2003, the Town had total debt outstanding of \$804,274. Of this total, \$13,268 is due within one year and \$791,006 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 12 to the financial statements on pages 41 and 42 of this report.

**Outstanding Debt  
December 31, 2003 and 2002**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenue Bonds	\$ -	\$ -	\$ 804,274	\$ 816,897	\$ 804,274	\$ 816,897
Total Outstanding Debt	\$ -	\$ -	\$ 804,274	\$ 816,897	\$ 804,274	\$ 816,897

**Other Factors Affecting the Town**

The Town of Kentwood's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold.

**Contacting the Town's Financial Management**

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Kentwood, 308 Avenue G, Kentwood, Louisiana 70444, telephone (985) 229-3451.

**Basic financial Statements**  
**Government-Wide Financial Statements**

**Town of Kentwood, Louisiana**

**Statement A**

**Statement of Net Assets  
December 31, 2003**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,462,623	\$ 775,174	\$ 2,237,797
Taxes Receivable, Net	43,219	-	43,219
Accounts Receivable, Net	-	204,822	204,822
Inventory	-	38,427	38,427
Due From Other Funds	93,798	-	93,798
Due From Other Governments	187,701	-	187,701
Other Receivables	6,767	-	6,767
Restricted Cash and Cash Equivalents	-	157,597	157,597
Capital Assets, Net	751,542	3,459,201	4,210,743
Total Assets	<u>2,545,650</u>	<u>4,635,221</u>	<u>7,180,871</u>
<b>Liabilities</b>			
Accounts Payable	48,292	1,500	49,792
Other Accrued Expenses	30,770	12,526	43,296
Accrued Interest Payable	-	3,305	3,305
Due To Other Funds	-	93,798	93,798
Customer Deposits	-	80,573	80,573
Current Portion of Long-Term Debt:			
Revenue Bonds Payable	-	13,268	13,268
Long-Term Debt:			
Revenue Bonds Payable	-	791,006	791,006
Total Liabilities	<u>79,062</u>	<u>995,976</u>	<u>1,075,038</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	751,542	2,654,927	3,406,469
Restricted for:			
Capital Projects	325,540	-	325,540
Debt Service	-	77,024	77,024
Unrestricted	1,389,506	907,294	2,296,800
Total Net Assets	<u>\$ 2,466,588</u>	<u>\$ 3,639,245</u>	<u>\$ 6,105,833</u>

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Statement of Activities  
For the Year Ended December 31, 2003**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions
<b>Governmental Activities:</b>				
General Government	\$ 505,521	\$ 217,752	\$ 95,965	\$ -
Police Protection	429,841	16,210	30,819	-
Fire Protection	414,917	-	-	-
Streets and Sanitation	346,787	79,515	-	22,000
Health	6,540	-	-	-
Cultural	12,074	-	-	-
<b>Total Governmental Activities</b>	<u>1,715,680</u>	<u>313,477</u>	<u>126,784</u>	<u>22,000</u>
<b>Business-Type Activities:</b>				
Water	293,287	296,047	-	-
Sewer	263,730	265,159	-	-
Gas	500,895	482,063	-	-
Housing Assistance	154,929	144,658	-	-
<b>Total Business-Type Activities</b>	<u>1,212,841</u>	<u>1,187,927</u>	<u>0</u>	<u>0</u>
<b>Total Primary Government</b>	<u>\$ 2,928,521</u>	<u>\$ 1,501,404</u>	<u>\$ 126,784</u>	<u>\$ 22,000</u>

**General Revenues:**

**Taxes:**

- Ad Valorem Taxes
- Sales and Use Taxes
- Franchise Taxes
- Alcoholic Beverage Taxes
- Fire Insurance Rebates
- Tangipahoa Parish Allocation
- Interest Income
- Operating Transfers In (Out)
- Gain on Sales of Fixed Assets
- Total General Revenues**

- Change in Net Assets
- Net Assets, Beginning
- Prior Period Adjustment (Note 19)
- Net Assets, Ending

The accompanying notes are an integral part of these statements.

Statement B

Net (Expense) Revenue and  
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
\$	-191,804	\$ -	\$ -191,804
	-382,812	-	-382,812
	-414,917	-	-414,917
	-245,272	-	-245,272
	-6,540	-	-6,540
	-12,074	-	-12,074
	<u>-1,253,419</u>	<u>0</u>	<u>-1,253,419</u>
	-	2,760	2,760
	-	1,429	1,429
	-	-18,832	-18,832
	-	-10,271	-10,271
	<u>0</u>	<u>-24,914</u>	<u>-24,914</u>
	<u>-1,253,419</u>	<u>-24,914</u>	<u>-1,278,333</u>
	61,573	-	61,573
	562,184	-	562,184
	45,637	-	45,637
	8,393	-	8,393
	25,353	-	25,353
	236,399	-	236,399
	15,518	10,834	26,352
	227,000	-227,000	-
	1,511	-	1,511
	<u>1,183,568</u>	<u>-216,166</u>	<u>967,402</u>
	-69,851	-241,080	-310,931
	2,536,439	3,880,231	6,416,670
	-	94	94
\$	<u><u>2,466,588</u></u>	<u><u>3,639,245</u></u>	<u><u>6,105,833</u></u>

**Basic Financial Statements**  
**Governmental Fund Financial Statements**

**Town of Kentwood, Louisiana**

**Statement C**

**Balance Sheet  
Governmental Funds  
December 31, 2003**

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 765,681	\$ 696,942	\$ 1,462,623
Taxes Receivable, Net	43,219	-	43,219
Due From Other Funds	101,545	-	101,545
Due From Other Governments	92,675	95,026	187,701
Other Receivables	6,732	35	6,767
Total Assets	<u>\$ 1,009,852</u>	<u>\$ 792,003</u>	<u>\$ 1,801,855</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 40,655	\$ 7,637	\$ 48,292
Other Accrued Expenses	30,770	-	30,770
Due to Other Funds	-	7,747	7,747
Total Liabilities	<u>71,425</u>	<u>15,384</u>	<u>86,809</u>
<b>Fund Balance:</b>			
Reserved for Capital Projects	325,540	-	325,540
Unreserved	612,887	776,619	1,389,506
Total Fund Balance	<u>938,427</u>	<u>776,619</u>	<u>1,715,046</u>
Total Liabilities and Fund Balances	<u>\$ 1,009,852</u>	<u>\$ 792,003</u>	<u>\$ 1,801,855</u>

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Statement D**

**Reconciliation of the Governmental Funds Balance Sheet to  
the Statement of Net Assets  
December 31, 2003**

**Fund Balances, Governmental Funds** **\$ 1,715,046**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds. These assets consist of:

Capital assets, net of depreciation 751,542

**Net Assets, Governmental Activities** **\$ 2,466,588**

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Statement E**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds**

**For the Year Ended December 31, 2003**

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 677,787	\$ -	\$ 677,787
Licenses and Permits	119,288	-	119,288
Intergovernmental	148,784	261,752	410,536
Charges for Services	70,633	-	70,633
Fines and Forfeits	16,210	-	16,210
Sanitation Fees	79,515	-	79,515
Interest Income	10,828	4,690	15,518
Rental Income	4,200	-	4,200
Miscellaneous	23,631	-	23,631
Total Revenues	<u>1,150,876</u>	<u>266,442</u>	<u>1,417,318</u>
<b>Expenditures</b>			
General Government	485,198	-	485,198
Public Safety:			
Police Protection	429,878	-	429,878
Fire Protection	124,156	284,882	409,038
Streets and Sanitation	430,826	-	430,826
Health	6,540	-	6,540
Cultural	12,074	-	12,074
Total Expenditures	<u>1,488,672</u>	<u>284,882</u>	<u>1,773,554</u>
<b>Excess Revenues (Expenditures)</b>	<u>-337,796</u>	<u>-18,440</u>	<u>-356,236</u>
<b>Other Financing Sources (Uses)</b>			
Sales of Fixed Assets	1,511	-	1,511
Operating Transfers In	227,000	6,715	233,715
Operating Transfers Out	-6,715	-	-6,715
Total Other Financing Sources (Uses)	<u>221,796</u>	<u>6,715</u>	<u>228,511</u>
<b>Net Change in Fund Balance</b>	-116,000	-11,725	-127,725
<b>Fund Balance, Beginning</b>	1,054,427	788,344	1,842,771
<b>Fund Balance, Ending</b>	<u>\$ 938,427</u>	<u>\$ 776,619</u>	<u>\$ 1,715,046</u>

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Statement F**

**Reconciliation of the Change in Fund Balances of Governmental Funds  
to the Statement of Activities**

**For the Year Ended December 31, 2003**

**Net Change in Fund Balances, Governmental Funds** **\$ -127,725**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay	106,274
Depreciation expense	-48,400

**Change in Net Assets, Governmental Activities** **\$ -69,851**

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Statement G

Statement of Net Assets  
Proprietary Funds  
December 31, 2003

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 772,287	\$ 2,887	\$ 775,174
Accounts Receivable, Net	180,880	23,942	204,822
Inventory	38,427	-	38,427
<b>Total Current Assets</b>	<u>991,594</u>	<u>26,829</u>	<u>1,018,423</u>
<b>Restricted Assets:</b>			
RUS Bond Reserve - Cash	30,358	-	30,358
RUS Bond Contingency - Cash	34,631	-	34,631
Customers' Deposits - Cash	92,608	-	92,608
<b>Total Restricted Assets</b>	<u>157,597</u>	<u>0</u>	<u>157,597</u>
<b>Property, Plant and Equipment:</b>			
Land	11,000	-	11,000
Building	35,898	-	35,898
Water System	1,974,969	-	1,974,969
Gas System	788,250	-	788,250
Sewer System	3,590,475	-	3,590,475
Computer System	9,878	-	9,878
Equipment	170,758	10,741	181,499
Accumulated Depreciation	-3,122,027	-10,741	-3,132,768
<b>Net Property, Plant and Equipment</b>	<u>3,459,201</u>	<u>0</u>	<u>3,459,201</u>
<b>Total Assets</b>	<u>4,608,392</u>	<u>26,829</u>	<u>4,635,221</u>

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Statement G

Statement of Net Assets  
Proprietary Funds  
December 31, 2003

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Liabilities</b>			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	\$ -	\$ 1,500	\$ 1,500
Other Accrued Expenses	12,526	-	12,526
Accrued Interest Payable	3,305	-	3,305
Due To Other Funds	81,798	12,000	93,798
Total Current Liabilities (Payable from Current Assets)	<u>97,629</u>	<u>13,500</u>	<u>111,129</u>
Current Liabilities (Payable from Restricted Assets):			
Customer Deposits	80,573	-	80,573
Revenue Bonds Payable - RUS	13,268	-	13,268
Total Current Liabilities (Payable from Restricted Assets)	<u>93,841</u>	<u>0</u>	<u>93,841</u>
Long-Term Liabilities:			
Revenue Bonds Payable - RUS	791,006	0	791,006
Total Long-Term Liabilities	<u>791,006</u>	<u>0</u>	<u>791,006</u>
Total Liabilities	<u>982,476</u>	<u>13,500</u>	<u>995,976</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,654,927	-	2,654,927
Restricted for Debt Service	77,024	-	77,024
Unrestricted	893,965	13,329	907,294
Total Net Assets	<u>\$ 3,625,916</u>	<u>\$ 13,329</u>	<u>\$ 3,639,245</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Statement H

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Funds  
 For the Year Ended December 31, 2003

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Operating Revenues</b>			
Water Sales	\$ 270,580	\$ -	\$ 270,580
Sewer Service Charges	265,159	-	265,159
Gross Profit on Gas Sales	108,795	-	108,795
Service Connections	2,620	-	2,620
Delinquent Charges	32,520	-	32,520
Bad Debt Recoveries	3,423	-	3,423
HUD Contributions	-	144,658	144,658
Other Revenues	11,949	-	11,949
<b>Total Operating Revenues</b>	<b>695,046</b>	<b>144,658</b>	<b>839,704</b>
<b>Operating Expenses</b>			
Analysis Fee	5,315	-	5,315
Bad Debt Expense	4,066	-	4,066
Cathodic Protection	11,024	-	11,024
Cash Short (Over)	-135	-	-135
Computer	436	280	716
Depreciation	199,568	-	199,568
Electricity	67,190	-	67,190
Equipment Fuel	4,752	-	4,752
Gas Leak Survey	2,488	-	2,488
Gas Meter Reading	4,736	-	4,736
Gas Operator Certification	145	-	145
Health Insurance	26,027	5,467	31,494
Housing and Utility Assistance	-	124,223	124,223
Insurance	22,183	94	22,277
Miscellaneous	10,971	-	10,971
Municipal Employees' Retirement	8,937	712	9,649
Odor Inspection	1,239	-	1,239
Office Expense	5,252	3,627	8,879
Payroll Taxes	11,063	1,277	12,340
Professional Services	21,329	3,093	24,422
Repairs & Maintenance	50,820	-	50,820
Safe Drinking Water Fee	4,570	-	4,570
Salaries and Wages	149,141	16,156	165,297
Uniforms	1,035	-	1,035
Water Treatment Supplies	57,032	-	57,032
<b>Total Operating Expenses</b>	<b>669,184</b>	<b>154,929</b>	<b>824,113</b>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Statement H**

**Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Operating Income (Loss)</b>	<b>\$ 25,862</b>	<b>\$ -10,271</b>	<b>\$ 15,591</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	10,746	88	10,834
Interest Expense	-40,505	-	-40,505
<b>Total Nonoperating Revenue</b>	<b>-29,759</b>	<b>88</b>	<b>-29,671</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>-3,897</b>	<b>-10,183</b>	<b>-14,080</b>
<b>Contributions and Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-227,000	-	-227,000
Capital Contributions	-	-	-
<b>Total Contributions and Tra</b>	<b>-227,000</b>	<b>0</b>	<b>-227,000</b>
<b>Change in Net Assets</b>	<b>-230,897</b>	<b>-10,183</b>	<b>-241,080</b>
<b>Net Assets, Beginning</b>	<b>3,856,813</b>	<b>23,418</b>	<b>3,880,231</b>
<b>Prior Period Adjustment (Note 19)</b>	<b>-</b>	<b>94</b>	<b>94</b>
<b>Net Assets, Ending</b>	<b>\$ 3,625,916</b>	<b>\$ 13,329</b>	<b>\$ 3,639,245</b>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Statement I**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Received From Customers	\$ 1,047,031	\$ 121,584	\$ 1,168,615
Received (Paid) for Meter Deposit Fees	-3,530	-	-3,530
Other Receipts	3,926	-	3,926
Received (Paid) for Interfund Services	-6,202	12,506	6,304
Payments for Operations	-710,379	-129,743	-840,122
Payments to Employees	-195,812	-23,686	-219,498
Net Cash Provided (Used) by Operating Activities	135,034	-19,339	115,695
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers to Other Funds	-227,000	-	-227,000
Net Cash Provided (Used) by Noncapital Financing Activities	-227,000	0	-227,000
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Contributions Received	-	-	-
Paid for Capital Acquisitions	-7,817	-	-7,817
Principal Payments, Revenue Bonds Payable	-12,624	-	-12,624
Interest Payments, Revenue Bonds Payable	-40,557	-	-40,557
Net Cash Provided (Used) by Capital and Related Financing Activities	-60,998	0	-60,998
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest	10,746	88	10,834
Net Cash Provided (Used) by Investing Activities	10,746	88	10,834
<b>Net Increase (Decrease) in Cash</b>	-142,218	-19,251	-161,469
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,072,102	22,138	1,094,240
<b>Cash and Cash Equivalents, End of Year</b>	\$ 929,884	\$ 2,887	\$ 932,771

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

Statement I

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>			
Cash and Cash Equivalents, Unrestricted	\$ 772,287	\$ 2,887	\$ 775,174
Cash and Cash Equivalents, Restricted	157,597	-	157,597
Total Cash and Cash Equivalents	\$ 929,884	\$ 2,887	\$ 932,771
 <b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 25,862	\$ -10,271	\$ 15,591
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	199,568	-	199,568
Change in Accounts Receivable	11,619	-23,074	-11,455
Change in Inventories	-27,753	-	-27,753
Change in Accounts Payable	-64,693	1,500	-63,193
Change in Accrued Expenses	162	-	162
Change in Due From Other Funds	-	506	506
Change in Due To Other Funds	-6,202	12,000	5,798
Change in Customer Deposits	-3,529	-	-3,529
Net Cash Provided (Used) by Operating Activities	\$ 135,034	\$ -19,339	\$ 115,695

(Concluded)

The accompanying notes are an integral part of these statements.

**Basic Financial Statements**  
**Notes to the Financial Statements**

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

**Introduction**

The Town of Kentwood, Louisiana was incorporated in March of 1893, under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government, with the Mayor and each of five aldermen elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. Kentwood is located directly off Interstate I-55 in the northern section of Tangipahoa Parish. The Town's total population is 2,205 as reported by the U.S. Census Bureau, Census 2000. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 974 water customers, 505 gas customers, and 849 sewer customers inside and outside of the Town limits. The Town employs 25 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (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 Town 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 Town 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. There are no component units which the Town of Kentwood has an oversight relationship.

**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 changes in net assets) report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented 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 proprietary fund and fiduciary 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. Property taxes are recognized as revenues in the year for which they are levied. 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, the government considers revenues 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.

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

The *Enterprise Funds* accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, 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.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary 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 this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for un-collectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
General Corporate Purposes	6.40	6.40	None

Sales and use taxes are levied at two percent. The proceeds of these sales and use taxes are dedicated as follows:

One percent sales and use tax dedicated to general corporate purposes. This tax does not expire.

One percent sales and use tax of which an amount not to exceed 50% of the tax be dedicated and used for the constructing, acquiring, improving, maintaining, and operating solid waste collection and disposal facilities; the remainder of the proceeds are to be used for the purpose of paying police officers and other Town employees' salaries and other general operating costs of the Town; constructing and acquiring additions, extensions, and improvements to the sewerage collection, disposal, and treatment plant and system, the waterworks plant and system, and the natural gas system; constructing, paving, resurfacing, and improving streets, sidewalks, roads, bridges, alleys, drains, and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; and constructing or improving public buildings, jails, public parks and recreation facilities, including the necessary equipment and furnishings. This tax expires on June 30, 2023.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality 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 assets lives are not capitalized

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the current fiscal year, the Town did not incur construction period interest costs.

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

Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

**H. Compensated Absences**

The Town has the following policy related to vacation and sick leave:

All regular employees, after one year of employment, are entitled to annual vacation and sick leave as follows:

Years of Service	Police Employees		Non-Police Employees		
	1-5	6+	1-2	3-9	10+
Vacation Days/Year	10	15	6	9	12
Sick Leave Days/Year	12	12	12	12	12

All regular employees are allowed to accumulate up to thirty days of unused vacation and an unlimited amount of unused sick leave.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

When workmen's compensation is due an employee, that employee has the option of using accrued annual vacation and sick leave while drawing workmen's compensation, but must remit to the Town all workmen's compensation benefits received. A law officer disabled while performing duty of a hazardous nature may be granted a leave of absence by the Town with full pay during the period of disability, provided all workmen's compensation benefits are remitted to the Town.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**I. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. 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 use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**N. Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

**3. Cash and Cash Equivalents**

At December 31, 2003, the Town has cash and cash equivalents (book balances) totaling \$2,395,394, as follows:

	Governmental			Total
	General Fund	Volunteer Fire Dept	Business- Type	
Cash on Hand	\$ 337			\$ 337
Demand Deposits	23,684	419,779	(1,570)	441,893
Interest-Bearing Demand Deposits		71,200		71,200
Time Deposits (See Note 4)		205,963		205,963
Louisiana Asset Management Pool (See Note 4)	741,660		934,341	1,676,001
	<u>\$ 765,681</u>	<u>\$ 696,942</u>	<u>\$ 932,771</u>	<u>\$ 2,395,394</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. The market value of the pledged securities plus the federal deposit insurance must at all times equal 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 December 31, 2003, the municipality has \$2,692,360 in deposits (collected bank balances). These deposits are secured from risk by \$390,000 of federal deposit insurance and \$2,302,360 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered un-collateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**4. Investments**

Investments are categorized into these three categories of credit risk:

1) Insured or registered, or securities held by the town or its agent in the Town's name, 2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name, or 3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

All investments held by the Town fall into category I credit risk, defined as "insured or registered, or securities held by the Town or its agent in the Town's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

At fiscal year-end, the Town's investment balances were as follows:

	Carrying Amount	Fair Value
Time Deposits	\$ 205,963	\$ 205,963
Louisiana Asset Management Pool	1,676,001	1,676,001
	\$ 1,881,964	\$ 1,881,964

In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2003, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists, of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**5. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for un-collectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales taxes, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions, collectible but not available, are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

The Governmental Fund receivables at December 31, 2003 consist of the following:

	General Fund	Volunteer Fire Department	Total Governmental Funds
<b>Taxes:</b>			
Ad Valorem	\$ 28,558	\$ -	\$ 28,558
Public Utility Franchise	14,661	-	14,661
<b>Intergovernmental:</b>			
Tangipahoa Parish School Board, Sales Tax	44,154	-	44,154
State of Louisiana, Beer Tax Distribution	1,753	-	1,753
State of Louisiana, Air Conditioning Grant	46,767	-	46,767
Tangipahoa Parish Council, Allocation	-	95,027	95,027
Sanitation Fees	6,732	-	6,732
Other Receivables	-	35	35
	<u>\$ 142,625</u>	<u>\$ 95,062</u>	<u>\$ 237,687</u>

The Enterprise Fund accounts receivable at December 31, 2003 consist of the following:

	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Current	\$ 125,864	\$ 23,942	\$ 149,806
31 - 60 Days	21,214	-	21,214
61 - 90 Days	6,491	-	6,491
Over 90 Days	-	-	-
Subtotal	<u>153,569</u>	<u>23,942</u>	<u>177,511</u>
Less Allowance for Bad Debts	5,550	-	5,550
Accounts Receivable, Net	148,019	23,942	171,961
Accrued Billings	32,861	-	32,861
	<u>\$ 180,880</u>	<u>\$ 23,942</u>	<u>\$ 204,822</u>

**6. Inter-fund Receivables/Payables**

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2003:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 101,545	\$ -
Volunteer Fire Department	-	7,747
Utility Fund	-	81,798
Housing Assistance Fund	-	12,000
	<u>\$ 101,545</u>	<u>\$ 101,545</u>

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

The reason, for the inter-fund receivables/payables balances, is the General Fund pays payroll expenses and accounts payable for other funds. The inter-fund balances are repaid monthly.

**7. Capital Assets**

The Town elected early implementation of GASB 34 in the fiscal year ending December 31, 2002. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2002, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

Capital assets and depreciation activity as of and for the year ended December 31, 2003 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 271,515	\$ -	\$ -	\$ 271,515
<b>Total Capital Assets Not Being Depreciated</b>	<u>271,515</u>	<u>-</u>	<u>-</u>	<u>271,515</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	886,500	-	-	886,500
Vehicles and Equipment	442,177	84,248	-	526,425
Infrastructure	-	22,026	-	22,026
<b>Total Capital Assets Being Depreciated</b>	<u>1,328,677</u>	<u>106,274</u>	<u>-</u>	<u>1,434,951</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	595,931	19,829	-	615,760
Vehicles and Equipment	310,593	28,296	-	338,889
Infrastructure	-	275	-	275
<b>Total Accumulated Depreciation</b>	<u>906,524</u>	<u>48,400</u>	<u>-</u>	<u>954,924</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>422,153</u>	<u>57,874</u>	<u>-</u>	<u>480,027</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 693,668</u>	<u>\$ 57,874</u>	<u>\$ -</u>	<u>\$ 751,542</u>

Depreciation was charged to governmental functions as follows:

General Administration	\$ 21,009
Police Protection	11,227
Fire Protection	5,879
Streets and Sanitation	10,285
	<u>\$ 48,400</u>

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

Capital assets and depreciation activity as of and for the year ended December 31, 2003 for business-type activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
<b>Total Capital Assets Not Being Depreciated</b>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	35,898	-	-	35,898
Vehicles and Equipment	187,559	3,818	-	191,377
Water Utility System	1,977,969	-	3,000	1,974,969
Gas Utility System	788,250	-	-	788,250
Sewer Utility System	3,583,475	7,000	-	3,590,475
<b>Total Capital Assets Being Depreciated</b>	<u>6,573,151</u>	<u>10,818</u>	<u>3,000</u>	<u>6,580,969</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	27,706	1,748	-	29,454
Vehicles and Equipment	185,277	719	-	185,996
Water Utility System	754,896	54,885	-	809,781
Gas Utility System	643,313	14,762	-	658,075
Sewer Utility System	1,322,008	127,454	-	1,449,462
<b>Total Accumulated Depreciation</b>	<u>2,933,200</u>	<u>199,568</u>	<u>-</u>	<u>3,132,768</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>3,639,951</u>	<u>-188,750</u>	<u>-3,000</u>	<u>3,448,201</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 3,650,951</u>	<u>\$ -188,750</u>	<u>\$ -3,000</u>	<u>\$ 3,459,201</u>

**8. Inter-fund Transfers**

The following is a detailed list of inter-fund transfers reported in the fund financial statements on December 31, 2003:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 227,000	\$ -
Utility Fund	-	227,000
	<u>\$ 227,000</u>	<u>\$ 227,000</u>

The reason for the inter-fund transfers is to reduce General Fund expenditures in excess of revenues.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

**9. Accounts, Salaries, and Other Payables**

The Governmental Fund payables of \$79,062 at December 31, 2003 are as follows:

	General Fund	Volunteer Fire Department	Total Governmental Funds
Accounts	\$ 40,655	\$ 7,637	\$ 48,292
Salaries	16,741	-	16,741
Vacation	14,029	-	14,029
	<u>\$ 71,425</u>	<u>\$ 7,637</u>	<u>\$ 79,062</u>

The Enterprise Fund payables of \$14,026 at December 31, 2003 are as follows:

	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Accounts	\$ -	\$ 1,500	\$ 1,500
Salaries	4,142	-	4,142
Vacation	8,384	-	8,384
	<u>\$ 12,526</u>	<u>\$ 1,500</u>	<u>\$ 14,026</u>

**10. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2003, and had no short-term debt activity during the year then ended.

**11. Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. The Town had no capital or operating lease activity during the year ended December 31, 2003.

**12. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2003:

	Governmental Activities		Business-Type Activities	
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds
Beginning Balance	\$ -	\$ -	\$ -	\$ 816,897
Increases	-	-	-	-
Decreases	-	-	-	12,623
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,274</u>

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

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

	Governmental Activities		Business-Type Activities	
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds
Current Portion	\$ -	\$ -	\$ -	\$ 13,268
Long-Term Portion	-	-	-	791,006
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,274</u>

As of December 31, 2003, outstanding revenue bond issues are as follows:

	Principal Outstanding
\$910,000 Sewer Revenue Bonds, dated 06/01/1992, due in monthly installments of \$4,431.70 through 06/01/2033, interest at 5% (this issue is secured by the income and revenues derived from the operation of the Town's Utility System).	\$ 804,274
	<u>\$ 804,274</u>

The annual requirements to amortize all debt outstanding at December 31, 2003, including interest payments of \$764,546 are as follows:

	Capital Leases	Revenue Bonds	Total
2004	\$ -	\$ 53,180	\$ 53,180
2005	-	53,180	53,180
2006	-	53,180	53,180
2007	-	53,180	53,180
2008	-	53,180	53,180
2009 - 2013	-	265,902	265,902
2014 - 2018	-	265,902	265,902
2019 - 2023	-	265,902	265,902
2024 - 2028	-	265,902	265,902
2029 - 2033	-	239,312	239,312
	<u>\$ -</u>	<u>\$ 1,568,820</u>	<u>\$ 1,568,820</u>

**13. Flow of Funds, Restrictions on Use - Utilities Revenues**

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to USDA Rural Development (RUS).

The bonds were issued, for forty (40) years payable, with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, USDA Rural Development had advanced all of the bond proceeds to the Town.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

Under the terms of the bond proceeds to the Town, the bonds are payable, as to principal and interest, solely, from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

Each month there will be set aside, into a fund called Bond and Interest Sinking (Redemption) Fund, a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due and, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule of \$4,432 per month whereby the Town makes payments directly to its office. This eliminates the need for the Bond and Interest Sinking Fund.

There shall also be set aside, into Utility System Revenue Bond Reserve Fund, a sum equal to 5% of the monthly bond payment after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of December 31, 2003, the Town has accumulated \$30,358 in this account.

Funds will also be set into a Depreciation and Contingency Fund after completion of the project at the rate of \$250 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system, which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. As of December 31, 2003, the Depreciation and Contingency Fund reserve had a balance of \$34,631.

All the revenues received in any fiscal year, and not required to be paid in such fiscal year into any of the noted funds, shall be regarded as surplus and may be used for any lawful corporate purpose.

#### **14. Retirement Systems**

Substantially all employees of the Town of Kentwood are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to each plan follows:

##### **A. Municipal Employee Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Furthermore, with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Kentwood are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2003, 2002, and 2001 were \$14,560, \$10,364, and \$9,131, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the Town of Kentwood are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2003, 2002, and 2001 were \$17,628, \$11,965, and \$8,581, respectively, equal to the required contributions for each year.

**C. Firefighters Retirement System of Louisiana (System)**

*Plan Description.* Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 18.25 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2003, 2002, and 2001 were \$1,191, \$336, and \$1,115, respectively, equal to the required contributions for each year.

**15. Reserved and Designated Fund Balances/Net Assets**

At December 31, 2003, the general fund had reserved fund balances of \$325,540, representing the Town's funds reserved for the construction of municipal buildings due to restrictions placed on the original bond issue used to construct a building which the Town later sold.

At December 31, 2003, the proprietary fund had restricted net assets of \$77,024, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

**Town of Kentwood, Louisiana  
Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2003**

At December 31, 2003, the proprietary fund had designated net assets of \$191,662, representing the Town's funds designated by the Board of Aldermen to be used for planned repairs and capital improvements to the Town's natural gas system. Because the designated amounts represent planned actions, and not actual commitments, they are included in unrestricted net assets in the Town's financial statements.

**16. Risk Management**

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**17. Contingent Liabilities**

At December 31, 2003, the Town was involved in one lawsuit, the likelihood of the outcome of which is not possible to determine or estimate, and sufficient insurance coverage for any claim is available; therefore, the Town has recorded no liability in relation to this litigation.

**18. On-Behalf Payments for Fringe Benefits and Salaries**

During the year ended December 31, 2003, the Town received the following on-behalf payments, which were recorded as revenues when received and expenditures when the cost was incurred:

State Supplemental Pay, Policemen	\$ 27,790
	<u>\$ 27,790</u>

**19. Prior-Period Adjustment**

A prior-period adjustment was made to correct the Town's business-type activities beginning net asset balance. The adjustment was made to correct housing assistance prepaid annual contributions per the HUD annual report. The correction to the beginning business-type activities net assets balance is as follows:

Net Assets, as Originally Stated	\$ 3,880,231
Prepaid Annual Contribution Adjustment	94
Net Assets, as Restated	<u>\$ 3,880,325</u>

**20. Subsequent Events**

In a letter dated May 5, 2003, the Town was notified by the State that it had been chosen to receive sewer improvement funds of \$997,835, under the Fiscal Year 2003 Louisiana Community Development Block Grant (LCDBG) Program. On April 1, 2004, the Town awarded the construction contract for \$789,000 to the low bidder, and construction is expected to begin in mid-2004.

**Required supplemental Information (Part II)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Major Government Funds**

Town of Kentwood, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended December 31, 2003

Revenues	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 58,800	\$ 66,000	\$ 61,573	\$ -4,427
Sales and Use Taxes	560,000	550,000	562,184	12,184
Public Utility Franchise Taxes	35,200	35,200	45,637	10,437
Alcoholic Beverage Tax	9,500	9,100	8,393	-707
<b>Licenses and Permits:</b>				
Business Privilege and Insurance License	115,000	114,000	116,275	2,275
Building Permits	1,700	2,000	1,993	-7
Chain Store Permits	520	1,020	1,020	-
<b>Intergovernmental:</b>				
COPs Block Grant	1,300	5,600	0	-5,600
Sweet Home Tourism Grant	2,500	0	0	-
Sweet Home Folklife Festival Grant	2,700	4,000	4,197	197
Rural Development Grant	10,000	22,000	22,000	-
Commission on Law Enforcement	2,700	2,800	3,029	229
State Supplemental Pay	0	0	27,790	27,790
High School Air Conditioning Grant	110,000	107,000	91,768	-15,232
Matchmaker Grant	0	3,100	0	-3,100
Fire District No. 2	8,500	8,500	0	-8,500
Charges for Services	24,300	41,950	70,633	28,683
Fines and Forfeits	14,500	16,000	16,210	210
Sanitation Fees	81,900	80,400	79,515	-885
Interest	17,800	10,800	10,828	28
Rent	4,200	4,200	4,200	-
Miscellaneous	2,500	22,600	23,631	1,031
<b>Total Revenues</b>	<b>1,063,620</b>	<b>1,106,270</b>	<b>1,150,876</b>	<b>44,606</b>

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund

For the Year Ended December 31, 2003

Expenditures	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
General Government:				
Assessor Tax Roll	\$ 2,000	\$ 2,200	\$ 2,105	\$ 95
City Hall Maintenance	5,000	5,000	4,820	180
City Hall Utilities	18,500	18,500	18,539	-39
Civic Center Maintenance	6,000	2,000	1,488	512
Civic Center Utilities	4,500	5,300	5,297	3
Clerk's Travel/Expense	2,500	1,500	1,166	334
Computer Expense	5,000	6,000	5,998	2
Condemned Housing Removal	20,000	500	338	162
Coroner's Fees	3,000	3,000	2,095	905
Council on Aging	2,400	2,400	2,450	-50
Dues & Subscriptions	1,800	1,800	1,213	587
Election Expense	1,500	3,100	3,050	50
Health Unit Maintenance	500	500	3	497
Health Unit Utilities	4,000	4,200	4,001	199
High School Air Conditioning Grant	120,000	120,000	106,769	13,231
Hospitalization Insurance	29,000	51,077	77,357	-26,280
Insurance	40,000	40,000	34,303	5,697
Insurance - Life	360	0	590	-590
Kentwood Museum	2,000	1,000	739	261
Martin Luther King Park Maintenance	1,000	1,000	383	617
Martin Luther King Park Utilities	1,600	3,200	3,116	84
Mayor's Expense	3,000	6,000	5,712	288
Meeting Expense	600	1,200	1,038	162
Miscellaneous	5,000	6,500	12,305	-5,805
Museum Maintenance	1,000	1,000	301	699
Museum Utilities	3,500	2,500	2,117	383
Office Supplies & Postage	5,300	5,300	11,409	-6,109
Official Journal and Other Advertising	4,000	6,500	5,684	816
Officials' Travel	3,000	3,000	2,193	807

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Payroll Tax	\$ 8,000	\$ 6,800	\$ 7,200	\$ -400
Professional Services	30,000	33,000	35,601	-2,601
Promotion Expense	2,500	2,500	923	1,577
Recreation Program	5,000	8,000	4,834	3,166
Retirement	5,715	5,000	5,062	-62
Retirement Promotion	8,000	1,500	756	744
Salaries - Clerical	60,000	60,000	58,328	1,672
Salaries - HUD Administrator	0	0	1,752	-1,752
Salaries - Janitorial	10,850	7,000	6,802	198
Salaries - Mayor and Aldermen	31,440	31,440	31,440	-
Senior Citizens Building Maintenance	6,000	1,000	464	536
Senior Citizens Building Utilities	4,500	4,500	4,781	-281
Shared Cost of Public Service Program	720	720	660	60
Sweet Home Folklife Program	5,000	5,000	0	5,000
Sweet Home Museum	1,000	1,600	1,680	-80
Sweet Home Renovation	-	1,000	84	916
Town Attorney	2,400	2,400	2,400	-
Town Attorney Travel	-	600	545	55
Unemployment	200	200	189	11
Uniforms	5,200	4,000	3,267	733
Workman's Compensation	1,300	1,000	745	255
Zoning Committee - Per Diem	1,500	600	420	180
Zoning Maps	2,700	0	0	-
Capital Expenditures	15,000	2,000	686	1,314
Total General Government	<u>503,085</u>	<u>484,137</u>	<u>485,198</u>	<u>-1,061</u>
Public Safety:				
Police Protection:				
Auto - Fuel	17,000	17,000	16,954	46
Auto - Repairs & Maintenance	18,000	17,000	14,258	2,742
Computer Expense	3,500	500	22	478

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**General Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts:	Final Budget:
			GAAP	Favorable
			Basis	(Unfavorable)
Dues & Subscriptions	\$ 600	\$ 600	\$ 410	\$ 190
Health Insurance	53,000	55,000	59,629	-4,629
Housing Prisoners	1,500	1,000	889	111
Miscellaneous	1,000	2,000	1,947	53
Office Expense	3,000	2,500	2,202	298
Payroll Taxes	18,855	18,600	18,858	-258
Police Retirement Contributions	12,500	17,600	17,628	-28
Salaries - Chief	36,050	36,200	38,715	-2,515
Salaries - Deputies	210,000	200,000	225,968	-25,968
Schools & Seminars	4,000	5,000	4,403	597
Special Fund	1,000	1,000	500	500
Supplies	5,000	5,000	312	4,688
Telephone	5,500	4,000	3,944	56
Unemployment Insurance	300	400	368	32
Uniforms	3,000	2,000	1,680	320
Workman's Compensation	10,000	11,000	9,927	1,073
Capital Outlay	12,000	25,000	11,264	13,736
<b>Total Police Protection</b>	<b>415,805</b>	<b>421,400</b>	<b>429,878</b>	<b>-8,478</b>
<b>Fire Protection:</b>				
Computer Expense	1,500	500	0	500
Health Insurance	21,000	21,000	22,664	-1,664
Miscellaneous	3,000	3,000	5,169	-2,169
Payroll Taxes	7,000	6,200	5,669	531
Retirement	-	1,400	1,191	209
Salaries - Firemen	81,200	80,000	75,004	4,996
Telephone	4,000	3,500	3,462	38
Truck - Fuel	3,000	3,000	2,926	74
Truck - Repairs & Maintenance	5,000	5,000	4,458	542
Unemployment Insurance	150	150	148	2
Workman's Compensation	4,600	4,000	3,465	535

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
Capital Outlay	\$ 8,000	\$ 8,000	\$ 0	\$ 8,000
Total Fire Protection	138,450	135,750	124,156	11,594
Total Public Safety	554,255	557,150	554,034	3,116
Streets and Sanitation:				
Cemetery Maintenance Contract	15,000	19,000	18,738	262
Cemetery Miscellaneous	100	300	354	-54
Cemetery Utilities	120	120	121	-1
Computer Expense	500	0	0	-
Equipment Fuel	5,500	8,000	7,127	873
Maintenance Contract	20,000	15,000	11,705	3,295
Miscellaneous	5,000	9,000	7,176	1,824
Payroll Taxes	2,500	2,600	2,775	-175
Repairs & Maintenance	6,000	13,000	10,452	2,548
Retirement	-	420	561	-141
Salaries	31,600	34,000	37,176	-3,176
Street and Traffic Lights	40,000	42,000	42,139	-139
Street Materials & Supplies	8,000	6,000	10,650	-4,650
Tree Maintenance Program	15,000	5,000	2,540	2,460
Unemployment Insurance	50	70	73	-3
Uniforms	800	300	0	300
Waste Management	180,000	181,000	180,396	604
Workman's Compensation	4,500	4,800	4,519	281
Capital Outlay	37,000	91,000	94,324	-3,324
Total Streets and Sanitation	371,670	431,610	430,826	784
Animal Control:				
Salaries	4,600	4,600	4,567	33
Payroll Taxes	350	370	348	22
Unemployment Insurance	10	10	9	1
Workman's Compensation	100	100	86	14
Other Expenses	3,000	2,000	1,530	470
Total Health	8,060	7,080	6,540	540

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Cultural:				
Museum:				
Salaries	\$ 12,300	\$ 12,300	\$ 11,154	\$ 1,146
Payroll Taxes	650	1,000	846	154
Unemployment Insurance	50	50	22	28
Workman's Compensation	50	60	52	8
Total Cultural	<u>13,050</u>	<u>13,410</u>	<u>12,074</u>	<u>1,336</u>
Total Expenditures	<u>1,450,120</u>	<u>1,493,387</u>	<u>1,488,672</u>	<u>4,715</u>
Excess Revenues (Expenditures)	<u>-386,500</u>	<u>-387,117</u>	<u>-337,796</u>	<u>49,321</u>
Other Financing Sources (Uses)				
Sales of Fixed Assets	1,000	1,000	1,511	511
Operating Transfers In	395,350	227,000	227,000	-
Operating Transfers Out	<u>-9,000</u>	<u>-7,000</u>	<u>-6,715</u>	<u>285</u>
Total Other Financing Sources (Uses)	<u>387,350</u>	<u>221,000</u>	<u>221,796</u>	<u>796</u>
Net Change in Fund Balance	850	-166,117	-116,000	50,117
Fund Balance, Beginning	<u>1,022,480</u>	<u>1,020,431</u>	<u>1,054,427</u>	<u>33,996</u>
Fund Balance, Ending	<u>\$ 1,023,330</u>	<u>\$ 854,314</u>	<u>\$ 938,427</u>	<u>\$ 84,113</u>

(Concluded)

Town of Kentwood, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Special Revenue Fund - Kentwood Volunteer Fire Department  
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental:				
Fire Insurance Rebate:				
Town of Kentwood	\$ 6,600	\$ 7,400	\$ 7,325	\$ -75
Tangipahoa Parish	13,000	14,700	14,623	-77
St. Helena Parish	2,800	3,400	3,405	5
Tangipahoa Parish Allocation	141,000	188,150	236,399	48,249
Interest	3,000	4,000	4,690	690
<b>Total Revenues</b>	<u>166,400</u>	<u>217,650</u>	<u>266,442</u>	<u>48,792</u>
<b>Expenditures</b>				
Salaries, Fire Chief	3,000	3,000	3,659	-659
Salaries, Firemen	3,000	3,050	0	3,050
Firemen Expense	21,500	17,400	25,217	-7,817
Small Tools and Equipment	12,000	11,800	14,211	-2,411
Uniforms	2,500	550	544	6
Office Supplies	1,500	200	1,253	-1,053
Fuel & Oil	1,000	360	447	-87
Dues and Subscriptions	200	200	134	66
Professional Services	1,700	2,140	1,800	340
Insurance	18,000	27,400	12,062	15,338
Repairs	12,000	6,000	5,210	790
Supplies	2,200	2,000	7,128	-5,128
Training and Tuition	3,000	7,400	7,333	67
Public Service Education	1,000	0	0	-
Utilities and Telephone	1,500	900	857	43
Miscellaneous	2,000	2,000	614	1,386
Tangipahoa Fire District 2	220,000	207,600	204,413	3,187
<b>Total Expenditures</b>	<u>306,100</u>	<u>292,000</u>	<u>284,882</u>	<u>7,118</u>
<b>Excess Revenues (Expenditures)</b>	<u>-139,700</u>	<u>-74,350</u>	<u>-18,440</u>	<u>55,910</u>

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Special Revenue Fund - Kentwood Volunteer Fire Department  
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	\$ 9,000	\$ 7,000	\$ 6,715	\$ -285
Total Other Financing Sources (Uses)	<u>9,000</u>	<u>7,000</u>	<u>6,715</u>	<u>-285</u>
<b>Net Change in Fund Balance</b>	-130,700	-67,350	-11,725	55,625
<b>Fund Balance, Beginning</b>	764,842	788,344	788,344	-
<b>Fund Balance, Ending</b>	<u>\$ 634,142</u>	<u>\$ 720,994</u>	<u>\$ 776,619</u>	<u>\$ 55,625</u>

(Concluded)

The accompanying notes are an integral part of these statements.

## Other Supplemental Information

Town of Kentwood, Louisiana

Schedule 3

Comparative Schedule of Net Assets  
Proprietary Fund Type - Utility Fund  
December 31, 2003 and 2002

	Enterprise Fund	
	2003	2002
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 772,287	\$ 914,361
Accounts Receivable, Net	180,880	192,499
Inventory	38,427	10,673
<b>Total Current Assets</b>	<u>991,594</u>	<u>1,117,533</u>
<b>Restricted Assets:</b>		
RUS Bond Reserve - Cash	30,358	30,025
RUS Bond Contingency - Cash	34,631	34,250
Customers' Deposits - Cash	92,608	93,466
<b>Total Restricted Assets</b>	<u>157,597</u>	<u>157,741</u>
<b>Property, Plant and Equipment:</b>		
Land	11,000	11,000
Building	35,898	35,898
Water System	1,974,969	1,977,969
Gas System	788,250	788,250
Sewer System	3,590,475	3,583,475
Computer System	9,878	9,878
Equipment	170,758	166,940
Accumulated Depreciation	-3,122,027	-2,922,459
<b>Net Property, Plant and Equipment</b>	<u>3,459,201</u>	<u>3,650,951</u>
<b>Total Assets</b>	<u>4,608,392</u>	<u>4,926,225</u>
<b>Liabilities</b>		
<b>Current Liabilities (Payable From Current Assets):</b>		
Accounts Payable	-	64,693
Other Accrued Expenses	12,526	12,363
Accrued Interest Payable	3,305	3,357
Due To Other Funds	81,798	88,000
<b>Total Current Liabilities (Payable From Current Assets)</b>	<u>97,629</u>	<u>168,413</u>
<b>Current Liabilities (Payable From Restricted Assets):</b>		
Customer's Deposits	80,573	84,102
Revenue Bonds Payable - RUS	13,268	14,009
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<u>93,841</u>	<u>98,111</u>
<b>Long-Term Liabilities:</b>		
Revenue Bonds Payable - RUS	791,006	802,888
<b>Total Long-Term Liabilities</b>	<u>791,006</u>	<u>802,888</u>
<b>Total Liabilities</b>	<u>982,476</u>	<u>1,069,412</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 3**

**Comparative Schedule of Net Assets  
Proprietary Fund Type - Utility Fund  
December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$ 2,654,927	\$ 2,834,054
Restricted for Debt Service	77,024	73,639
Unrestricted	893,965	949,120
Total Net Assets	<u>\$ 3,625,916</u>	<u>\$ 3,856,813</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 4**

**Comparative Schedule of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund Type - Utility Fund  
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
<b>Operating Revenues</b>		
Water Sales	\$ 270,580	\$ 284,479
Sewer Service Charges	265,159	272,888
Gross Profit on Gas Sales	108,795	207,703
Service Connections	2,620	1,860
Delinquent Charges	32,520	32,314
Bad Debt Recoveries	3,423	924
Other Revenues	11,949	11,068
<b>Total Operating Revenues</b>	<b>695,046</b>	<b>811,236</b>
<b>Operating Expenses</b>		
Analysis Fee	5,315	5,280
Bad Debt Expense	4,066	16,477
Cathodic Protection	11,024	3,001
Cash Short (Over)	-135	-73
Computer	436	1,268
Depreciation	199,568	192,784
Electricity	67,190	56,444
Equipment Fuel	4,752	7,161
Gas Leak Survey	2,488	1,208
Gas Meter Reading	4,736	4,509
Gas Operator Certification	145	800
Health Insurance	26,027	21,218
Insurance	22,183	20,346
Miscellaneous	10,971	11,270
Municipal Employees' Retirement	8,937	6,111
Odor Inspection	1,239	504
Office Expense	5,252	3,931
Payroll Taxes	11,063	10,526
Professional Services	21,329	20,717
Repairs & Maintenance	50,820	53,115
Safe Drinking Water Fee	4,570	4,811
Salaries and Wages	149,141	143,453
Uniforms	1,035	262
Water Treatment Supplies	57,032	66,913
<b>Total Operating Expenses</b>	<b>669,184</b>	<b>652,036</b>
<b>Operating Income (Loss)</b>	<b>25,862</b>	<b>159,200</b>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 4**

**Comparative Schedule of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund Type - Utility Fund  
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	\$ 10,746	\$ 17,520
Interest Expense	-40,505	-45,294
Total Nonoperating Revenues (Expenses)	-29,759	-27,774
<b>Income (Loss) Before Contributions and Transfers</b>	-3,897	131,426
<b>Contributions and Transfers</b>		
Operating Transfers In	-	-
Operating Transfers Out	-227,000	-230,000
Capital Contributions	-	382,817
Total Contributions and Transfers	-227,000	152,817
<b>Change in Net Assets</b>	-230,897	284,243
<b>Net Assets, Beginning</b>	3,856,813	3,572,570
<b>Net Assets, Ending</b>	\$ 3,625,916	\$ 3,856,813

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 5

Comparative Schedule of Cash Flows  
Proprietary Fund Type - Utility Fund  
For the Years Ended December 31, 2003 and 2002

	Enterprise Fund	
	2003	2002
<b>Cash Flows from Operating Activities</b>		
Received From Customers	\$ 1,047,031	\$ 1,034,749
Received (Paid) for Meter Deposit Fees	-3,530	4,054
Other Receipts	3,926	11,068
Payments for Interfund Services	-6,202	88,000
Payments for Operations	-710,379	-499,908
Payments to Employees	-195,812	-192,611
Net Cash Provided (Used) by Operating Activities	<u>135,034</u>	<u>445,352</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers to Other Funds	-227,000	-230,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-227,000</u>	<u>-230,000</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Contributions Received	-	382,817
Paid for Capital Acquisitions	-7,817	-416,157
Principal Payments, Revenue Bonds Payable	-12,624	-12,010
Interest Payments, Revenue Bonds Payable	-40,557	-41,937
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-60,998</u>	<u>-87,287</u>
<b>Cash Flows from Investing Activities</b>		
Receipt of Interest	10,746	17,520
Net Cash Provided (Used) by Investing Activities	<u>10,746</u>	<u>17,520</u>
<b>Net Increase (Decrease) in Cash</b>	-142,218	145,585
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,072,102</u>	<u>926,517</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 929,884</u>	<u>\$ 1,072,102</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>		
Cash and Cash Equivalents, Unrestricted	\$ 772,287	\$ 914,361
Cash and Cash Equivalents, Restricted	157,597	157,741
Total Cash and Cash Equivalents	<u>\$ 929,884</u>	<u>\$ 1,072,102</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 5**

**Comparative Schedule of Cash Flows  
Proprietary Fund Type - Utility Fund  
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ 25,862	\$ 159,200
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	199,568	192,784
Change in Accounts Receivable	11,619	-10,581
Change in Inventories	-27,753	9,371
Change in Accounts Payable	-64,693	1,915
Change in Accrued Expenses	162	609
Change in Due To Other Funds	-6,202	88,000
Change in Customer Deposits	-3,529	4,054
Net Cash Provided (Used) by Operating Activities	\$ 135,034	\$ 445,352

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

Schedule 6

**Combining Schedule of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund Type - Utility Fund  
For the Year Ended December 31, 2003**

	Water Utility System	Sewer Utility System	Gas Utility System	Total
<b>Operating Revenues</b>				
Water Sales	\$ 270,580	\$ -	\$ -	\$ 270,580
Sewer Service Charges	-	265,159	-	265,159
Gross Profit on Gas Sales	-	-	108,795	108,795
Service Connections	1,595	-	1,025	2,620
Delinquent Charges	16,260	-	16,260	32,520
Bad Debt Recoveries	-	-	3,423	3,423
Other Revenues	7,612	-	4,337	11,949
<b>Total Operating Revenues</b>	<u>296,047</u>	<u>265,159</u>	<u>133,840</u>	<u>695,046</u>
<b>Operating Expenses</b>				
Analysis Fee	-	5,315	-	5,315
Bad Debt Expense	2,556	-	1,510	4,066
Cathodic Protection	-	-	11,024	11,024
Cash Short (Over)	-135	-	-	-135
Computer	218	-	218	436
Depreciation	55,707	128,276	15,585	199,568
Electricity	38,190	29,000	-	67,190
Equipment Fuel	2,057	364	2,331	4,752
Gas Leak Survey	-	-	2,488	2,488
Gas Meter Reading	-	-	4,736	4,736
Gas Operator Certification	-	-	145	145
Health Insurance	6,442	6,492	13,093	26,027
Insurance	9,994	1,385	10,804	22,183
Miscellaneous	6,213	1,385	3,373	10,971
Municipal Employees' Retirement	4,114	908	3,915	8,937
Odor Inspection	-	-	1,239	1,239
Office Expense	1,224	2,804	1,224	5,252
Payroll Taxes	5,337	1,250	4,476	11,063

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 6

Combining Schedule of Revenues, Expenses and Changes in Net Assets  
 Proprietary Fund Type - Utility Funds  
 For the Year Ended December 31, 2003

	Water Utility System	Sewer Utility System	Gas Utility System	Total
Professional Services	\$ 6,833	\$ 6,458	\$ 8,038	\$ 21,329
Repairs & Maintenance	21,190	22,827	6,803	50,820
Safe Drinking Water Fee	4,570	-	-	4,570
Salaries and Wages	71,409	16,435	61,297	149,141
Uniforms	336	326	373	1,035
Water Treatment Supplies	57,032	-	-	57,032
<b>Total Operating Expenses</b>	<u>293,287</u>	<u>223,225</u>	<u>152,672</u>	<u>669,184</u>
<b>Operating Income (Loss)</b>	<u>2,760</u>	<u>41,934</u>	<u>-18,832</u>	<u>25,862</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	0	-	10,746	10,746
Interest Expense	0	-40,505	-	-40,505
<b>Total Nonoperating Revenues (Expenses)</b>	<u>0</u>	<u>-40,505</u>	<u>10,746</u>	<u>-29,759</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>2,760</u>	<u>1,429</u>	<u>-8,086</u>	<u>-3,897</u>
<b>Contributions and Transfers</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	-212,000	0	-15,000	-227,000
Capital Contributions	-	0	-	-
<b>Total Contributions and Transfers</b>	<u>-212,000</u>	<u>0</u>	<u>-15,000</u>	<u>-227,000</u>
<b>Change in Net Assets</b>	<u>\$ -209,240</u>	<u>\$ 1,429</u>	<u>\$ -23,086</u>	<u>-230,897</u>
<b>Net Assets, Beginning</b>				<u>3,856,813</u>
<b>Net Assets, Ending</b>				<u>\$ 3,625,916</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 7

Schedule of Revenues, Expenses, and Changes in Net Assets  
 Budget (GAAP Basis) and Actual  
 Proprietary Fund Type - Water Utility System  
 For the Year Ended December 31, 2003

	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Operating Revenues</b>			
Water Sales	\$ 275,000	\$ 270,580	\$ -4,420
Service Connections	1,500	1,595	95
Delinquent Charges	15,000	16,260	1,260
Safe Drinking Water Fee	3,600	3,603	3
Entergy Grant	0	3,750	3,750
Other Revenues	100	259	159
Total Operating Revenues	295,200	296,047	847
<b>Operating Expenses</b>			
Bad Debt Expense	4,680	2,556	2,124
Cash Short (Over)	100	-135	235
Computer	1,000	218	782
Depreciation	66,000	55,707	10,293
Equipment Fuel	2,200	2,057	143
Health Insurance	7,100	6,442	658
Insurance	8,100	8,069	31
Miscellaneous	6,000	6,213	-213
Municipal Employee's Retirement	4,200	4,114	86
Office Expense	1,300	1,224	76
Payroll Taxes	5,300	5,257	43
Professional Services	10,000	6,833	3,167
Pump Electricity	38,000	38,190	-190
Repairs & Maintenance - Equipment	1,000	442	558
Repairs & Maintenance - Water System	20,000	20,748	-748
Safe Drinking Water Fee	4,700	4,570	130
Salaries and Wages	69,400	71,409	-2,009
Unemployment	120	80	40

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

Schedule 7

**Schedule of Revenues, Expenses, and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
Proprietary Fund Type - Water Utility System  
For the Year Ended December 31, 2003**

	Budget	Actual	Variance: Favorable (Unfavorable)
Uniforms	\$ 500	\$ 336	\$ 164
Water Treatment Supplies	58,000	57,032	968
Workers' Compensation	2,100	1,925	175
Total Operating Expenses	309,800	293,287	16,513
<b>Operating Income (Loss)</b>	-14,600	2,760	17,360
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	0	0	0
Total Nonoperating Revenues (Expenses)	0	0	0
<b>Income (Loss) Before Contributions and Transfers</b>	-14,600	2,760	17,360
<b>Contributions and Transfers</b>			
Operating Transfers In	0	0	-
Operating Transfers Out	-217,000	-212,000	5,000
Capital Contributions	0	0	-
Total Contributions and Transfers	-217,000	-212,000	5,000
<b>Change in Net Assets</b>	\$ -231,600	\$ -209,240	\$ 22,360

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 8**

**Schedule of Revenues, Expenses, and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
Proprietary Fund Type - Sewer Utility System  
For the Year Ended December 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Service Charges	\$ 270,000	\$ 265,159	\$ -4,841
Total Operating Revenues	<u>270,000</u>	<u>265,159</u>	<u>-4,841</u>
<b>Operating Expenses</b>			
Analysis Fee	5,500	5,315	185
Depreciation	117,000	128,276	-11,276
Electricity	30,000	29,000	1,000
Equipment Fuel	500	364	136
Health Insurance	7,500	6,492	1,008
Insurance	1,000	739	261
Maintenance Contract	13,200	12,100	1,100
Miscellaneous	1,500	1,385	115
Municipal Employees' Retirement	900	908	-8
Office Expense	1,500	2,804	-1,304
Payroll Taxes	1,240	1,218	22
Professional Services	12,000	6,458	5,542
Repairs & Maintenance - Equipment	500	30	470
Repairs & Maintenance - Sewer System	18,000	10,697	7,303
Salaries and Wages	16,200	16,435	-235
Unemployment	30	32	-2
Uniforms	500	326	174
Workers' Compensation	700	646	54
Total Operating Expenses	<u>227,770</u>	<u>223,225</u>	<u>4,545</u>
<b>Operating Income (Loss)</b>	<u>42,230</u>	<u>41,934</u>	<u>-9,386</u>

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 8

Schedule of Revenues, Expenses, and Changes in Net Assets  
 Budget (GAAP Basis) and Actual  
 Proprietary Fund Type - Sewer Utility System  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Expense	\$ -35,500	\$ -40,505	\$ -5,005
<b>Total Nonoperating Revenues (Expenses)</b>	<u>-35,500</u>	<u>-40,505</u>	<u>-5,005</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>6,730</u>	<u>1,429</u>	<u>-14,391</u>
<b>Contributions and Transfers</b>			
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Contributions and Transfers</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Change in Net Assets</b>	<u>\$ 6,730</u>	<u>\$ 1,429</u>	<u>\$ -14,391</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 9

Schedule of Revenues, Expenses, and Changes in Net Assets  
 Budget (GAAP Basis) and Actual  
 Proprietary Fund Type - Gas Utility System  
 For the Year Ended December 31, 2003

	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Operating Revenues</b>			
Gas Sales	\$ 473,272	\$ 457,018	\$ -16,254
Cost of Gas Sales	-292,200	-348,223	-56,023
Gross Profit on Gas Sales	181,072	108,795	-72,277
Service Connections	1,000	1,025	25
Penalties	16,500	16,260	-240
Bad Debt Recoveries	2,300	3,423	1,123
Other Revenues	500	4,337	3,837
Total Operating Revenues	201,372	133,840	-67,532
<b>Operating Expenses</b>			
Bad Debt Expense	3,120	1,510	1,610
Cathodic Protection	12,000	11,024	976
Computer	500	218	282
Depreciation	26,000	15,585	10,415
DOT Drug Testing	1,000	802	198
Equipment Fuel	2,500	2,331	169
Gas Leak Survey	2,000	2,488	-488
Gas Meter Reading	4,800	4,736	64
Gas Operator Certification	200	145	55
Health Insurance	13,000	13,093	-93
Insurance	10,000	9,547	453
Miscellaneous	2,000	2,571	-571
Municipal Employees' Retirement	4,000	3,915	85
Odor Inspection	700	1,239	-539
Office Expense	1,500	1,224	276
Payroll Taxes	4,670	4,362	308
Professional Services	7,000	8,038	-1,038

(Continued)

The accompanying notes are an integral part of these statements.

Town of Kentwood, Louisiana

Schedule 9

Schedule of Revenues, Expenses, and Changes in Net Assets  
 Budget (GAAP Basis) and Actual  
 Proprietary Fund Type - Gas Utility System  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Repairs & Maintenance - Equipment	\$ 3,000	\$ 2,745	\$ 255
Repairs & Maintenance - Gas System	6,000	4,058	1,942
Salaries and Wages	60,000	61,297	-1,297
Unemployment	150	114	36
Uniforms	500	373	127
Workers' Comp. Insurance	1,400	1,257	143
<b>Total Operating Expenses</b>	<u>166,040</u>	<u>152,672</u>	<u>13,368</u>
<b>Operating Income (Loss)</b>	<u>35,332</u>	<u>-18,832</u>	<u>-54,164</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	<u>9,800</u>	<u>10,746</u>	<u>946</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>9,800</u>	<u>10,746</u>	<u>946</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>45,132</u>	<u>-8,086</u>	<u>-53,218</u>
<b>Contributions and Transfers</b>			
Operating Transfers In	0	0	-
Operating Transfers Out	-10,000	-15,000	-5,000
Capital Contributions	<u>0</u>	<u>0</u>	<u>-</u>
<b>Total Contributions and Transfers</b>	<u>-10,000</u>	<u>-15,000</u>	<u>-5,000</u>
<b>Change in Net Assets</b>	<u>\$ 35,132</u>	<u>\$ -23,086</u>	<u>\$ -58,218</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 10**

**Sewer Rate Schedule  
Proprietary Fund Type - Sewer Utility System  
December 31, 2003**

Residential	\$	20.00	Flat Monthly Rate
Commercial Rate 1	\$	40.00	Flat Monthly Rate
Commercial Rate 2 (Schools)	\$	250.00	Flat Monthly Rate
Commercial Rate 3 (Nursing Home)	\$	625.00	Flat Monthly Rate
Commercial Rate 4 (Metered)	\$	0.95	Per 1,000 Gallons of Water

**Town of Kentwood**

**Schedule 11**

**Schedule of Sewer Customers  
Proprietary Fund Type - Sewer Utility System  
December 31, 2003**

Residential	801
Commercial	48
Total	<u>849</u>

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 12**

**Comparative Schedule of Gas Sales and Purchases  
Proprietary Fund Type - Gas Utility System  
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
<b>Gas Sales and Purchases</b>		
Gas Sales		
Volume (Thousand Cubic Feet)	52,364	52,860
Dollar Amount	\$ 457,018	\$ 469,342
Gas Purchases		
Volume (Thousand Cubic Feet)	56,627	59,071
Dollar Amount	\$ 348,223	\$ 260,619
Gross Profit	<u>\$ 108,795</u>	<u>\$ 208,723</u>
Percent of Sales	23.81%	44.47%
 <b>Unaccounted for Gas Purchases</b>		
Volume (Thousand Cubic Feet)	4,263	6,211
Average Cost of Unaccounted for Gas	\$ 26,215	\$ 27,403
Percent of Purchases	7.53%	10.51%
 <b>Number of Customers at Year End</b>		
In Service, Industrial	1	1
In Service, Other	504	519
Total	<u>505</u>	<u>520</u>
 <b>Average Sales Per Customer</b>		
Volume (Thousand Cubic Feet)	104	102
Dollar Amount	\$ 905	\$ 903
 <b>Amounts Per Thousand Cubic Feet</b>		
Gas Sales, Industrial	\$ 8.75	\$ 8.21
Gas Sales, Other	<u>\$ 8.72</u>	<u>\$ 9.18</u>
Gas Sales	\$ 8.73	\$ 8.88
Gas Purchases	<u>-6.15</u>	<u>-4.41</u>
Subtotal	2.58	4.47
Unaccounted for Gas Purchases	<u>-0.46</u>	<u>-0.47</u>
Gross Profit	<u>\$ 2.12</u>	<u>\$ 4.00</u>

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 13**

**Schedule of Insurance  
For the Year Ended December 31, 2003**

Insurance Company	Coverage	Amount	Period
Municipal Risk Management Policy Number LML 355	Commercial Property	\$ 1,609,390	02/01/03 -
	General Liability	500,000	02/01/04
	Commercial Automobile	500,000	
	Police Professional Liability	500,000	
	Errors and Omissions Liability	500,000	
Risk Management, Inc. Policy 0298-00	Worker's Compensation Coverage	\$ Statutory	11/19/03 - Limits 11/19/04
Western Surety Company Policy Number 69465173	Fidelity Bond: Mayor	\$ 150,000	01/28/03 - 01/28/07
	Fidelity Bond: Clerk	\$ 150,000	01/28/03 - 01/28/07
Western Surety Company Policy Number 69210053	Fidelity Bond: Fiscal Officer	\$ 150,000	01/28/03 - 01/28/07
Western Surety Company Policy Number 18272062	Fidelity Bond: Position Schedule	\$ 310,000	06/20/03 - 06/20/04

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 14**

**Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 2003**

	Terms of Office		Amount
Harold J. Smith, Mayor P. O. Box 123 Kentwood, Louisiana 70444 (985)229-3150	1/01/03-12/31/06	\$	18,240
Myrtle Cook, Alderman 1335 3ed Street Kentwood, Louisiana 70444 (985)229-8145	1/01/03-12/31/06		2,640
Mike Hall, Alderman P. O. Box 643 Kentwood, Louisiana 70444 (985)229-2470	1/01/03-12/31/06		2,640
Dr. Carlton S. Faller, Alderman 309 Avenue A Kentwood, Louisiana 70444 (985)229-3681	1/01/03-12/31/06		2,640
Jimbo Slaven, Alderman 707 11th Street Kentwood, Louisiana 70444 (985)229-5206	1/01/03-12/31/06		2,640
Irma T. Gordon, Alderman 1806 14th Street Kentwood, Louisiana 70444 (985)229-5206	1/01/03-12/31/06		2,640
		\$	31,440
James R. Rimes, Police Chief 307 Avenue I Kentwood, Louisiana 70444 (985)229-4959	1/01/03-12/31/06	\$	35,115

The accompanying notes are an integral part of these statements.

**Summary Schedule of Prior Year Audit Findings  
And  
Management's Corrective Plan for Current Year**

Town of Kentwood  
Kentwood, Louisiana

Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2003

**Section I-Internal Control and Compliance Material to the Financial Statements:**

**Reference Number: 2002-C1**

**Description of Finding:**

Noted in the audit for the fiscal year ending December 31, 2002, was the finding that the Town of Kentwood Volunteer Fire Department bank deposits were under collateralized by \$56,678, which is a violation of state law. It was recommended that the Kentwood Volunteer Fire Department compare, on a monthly basis, bank balances (reduced by FDIC coverage) to total collateral pledged by the financial institution, to ensure that adequate collateral is maintained, to protect the deposits of the Kentwood Volunteer Fire Department.

**Corrective Action Planned (Response by Management):**

The Kentwood Volunteer Fire Department reviewed the bank balances with the pledged collateral of the bank to insure the collateral was adequate to cover the bank balances over and above the FDIC insurance.

**Corrective Action Taken: Final**

**Section II-Internal Control and Compliance Material to Federal Awards:**

**Reference Number: 2000-F1**

**Fiscal Year Finding Initially Occurred: December 31, 2000**

**Description of Finding:**

Subsequent to the fiscal year ending December 31, 2000, the Town of Kentwood determined there was a question regarding the ownership of a housing unit receiving Section 8 Rental Assistance. Since documentation, received by the Town of Kentwood, indicated that the actual owner of the unit was the tenant, a letter was forwarded to the tenant, by the Section 8 Administrator, demanding repayment of the funds paid for the Section 8 contract. The letter specified a deadline for contacting the Section 8 office. The PHA has notified HUD of this discrepancy. A total of \$9,900 was paid in rental assistance for the period in question.

The auditor recommended that the matter be followed up in accordance with recommendations of the HUD area office. The Town complied with this recommendation for the fiscal year ending December 31, 2000, by forwarding a copy of the findings to the District Attorney's Office. Since no action had been taken on this case, the auditor also recommended, for the fiscal year ending December 31, 2001, that a copy of the entire file for this case be transferred to the District Attorney's Office, along with a cover letter clarifying whether further action is required by the Town. The auditor noted for the fiscal year ended December 31, 2002, that documentation on this case had been forwarded to the District Attorney's Office, but the Town of Kentwood is

(continued)

Town of Kentwood  
Kentwood, Louisiana

Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2003

awaiting response. It was recommended that an additional letter be forwarded to the District Attorney, requesting status on the case. I have also recommended that a letter, requesting status on this case and clarification as to action required by the Town of Kentwood, be sent to the District Attorney's Office.

**Corrective Action Planned (Response by Management):**

The Town will send a registered letter to the District Attorney's Office requesting status of case and action required by the Town of Kentwood.

**Corrective Action Taken: Partial**

**Additional Description of Corrective Action Taken:**

Corrective action is listed as partial, pending response by the District Attorney's Office.

**Reference Number: 2001-F1**

**Description of Finding:**

The Section 8 Housing Choice Voucher Program was tested for the fiscal year ending December 31, 2001, Although; the program was not determined to be a Major Program. A total of 20 tenant files, of a total population of 44 tenant files, were tested to determine if the rent to owner calculation and the utility reimbursement to tenant was correct. Findings were as follows:

1. The wrong payment standard (the fair market values for each bedroom size) was incorrectly used for each of the twenty calculations, indicating that the wrong payment standard was used for all 44 tenant files.
2. For sixteen of twenty (80%) of the tenant files selected, the wrong form, the "CE" form (for the Prior Section 8 Existing Program) for HUD form 50058 was used for the calculations. Projected to the population, this would indicate that 35 of the calculations involved use of the incorrect form.
3. For sixteen of twenty (80%) of the tenant files tested, the rent to owner was calculated incorrectly. Projected to the total population of 44 tenant files, this would indicate that 35 of 44 calculations for tenant rent to owners were incorrect. However, the net variance considering the total overpayments and amounts underpaid to owners was immaterial with only \$21 underpaid to owners, with a total of \$46 underpayment projected to the total population of 44 tenants.
4. For seven of twenty (35%) of the tenant files, the utility reimbursement to the tenant was calculated incorrectly. Projected to the population of 44 tenant files, this would indicate that the utility reimbursement to tenant was calculated incorrectly for 15 tenants. However, the net variance considering the total overpayments and amounts underpaid to tenants was immaterial with only \$108 overpaid to tenants, with a total of \$238 projected to the total population.

The prior auditor recommended that all tenant calculations be redone using the correct payment standards and forms for calculation, and that notification be made to the Local Department of Housing & Urban Development Office that corrections have been made.

(continued)

Town of Kentwood  
Kentwood, Louisiana

Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2003

For the fiscal year ending December 31, 2002, the prior auditor noted that the Town of Kentwood was taking steps to correct the above findings and to correct findings noted in the August 14, 2002 Department of Housing and Urban Development report of the "on-site assessment and confirmatory review of the Section 8 Program administered by the Town of Kentwood". The prior auditor recommended that the Town continue to examine and correct all tenant files and re-inspect all housing units.

**Corrective Action Planned (Response by Management):**

The Town of Kentwood replied to the above findings as follows:

1. The Board of Aldermen on 4/3/03 adopted a new Payment Standard.
2. All tenant assistance and rent payment calculations have been redone with technical assistance from Tangipahoa Parish Council Housing Office.
3. A new Housing Coordinator was hired effective 2/12/03. This employee is rebuilding each tenant file to ensure that required documentation is on file. The new Housing Coordinator has sent out a re-certification letter to all tenants and all but five tenants have come in. The remaining five tenants are scheduled to come in to the office during June 2003.
4. A mandatory conference for tenants, to explain the operation and requirements of the Housing Choice Voucher Program, was held on 5/29/2003. All but four tenants attended and those tenants have stated that they understand they must attend the next scheduled meeting, to remain eligible for assistance under the Housing Choice Voucher program.
5. The Housing Coordinator has re-inspected all units. Partly as a result of the inspections and enforcement of stricter housing quality standards, total units leased dropped during 2003. The Housing Coordinator is planning a conference for landlords for July or August 2003, and is marketing the program outside the Town limits, per HUD approval, to increase the number of units leased.

**Corrective Action Taken: Final**

**Additional Description of Corrective Action Taken:**

For the fiscal year ending December 31, 2003, I noted that the Town had taken the corrective action noted in the five items above, and all tenant files had been re-structured. Subsequent to fiscal year end, the Town also implemented a quality control management system for review of program compliance.

**Reference Number: 2001-F2**

**Description of Finding:**

For the fiscal year ending December 31, 2001, the prior auditor noted that of a total of 20 files tested for the Section 8 Housing Choice Program, dependent documentation (proof of birth or proof of status as a student) was not on file for 5 tenants. Projected to the population, this would indicate dependent documentation was not on file for 25% (11) of the total population of tenant files. The prior auditor recommended that all tenant files be reviewed and documentation be added for all eligible dependents.

(continued)

Town of Kentwood  
Kentwood, Louisiana

Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2003

For the fiscal year ended December 31, 2002, the prior auditor noted in "Reference Number 2001-F1" that files are being rebuilt to endure that required documentation is on file.

**Corrective Action Taken:** Final

**Additional Description of Corrective Action Taken:**

For the tenant files reviewed, required dependent documentation was on file.

**Reference Number: 2001-F3**

**Description of Finding:**

On September 30, 2001, the Section 8 Housing Choice Voucher Program for the Town of Kentwood received notification from the Department of Housing and Urban Development that the Section 8 Program's utilization rate for the fiscal year ended December 31, 2000, was below the 95% mark. The utilization rate compares the percentage of units occupied by Section 8 tenants to the actual amount of housing units authorized for leasing. For the fiscal year ending December 31, 2001, the utilization rate for the Town's Section 8 Program was 79.1% (522 of 660 unit months for the fiscal year), indicating that approximately eleven units were not leased. The prior auditor recommended that an Administrative Plan be developed immediately for the Section 8 Housing Choice Voucher Program, and that the Plan be developed based on the current model document for PHA Plans available from the U. S. Department of Housing and Urban Development. When developing operating procedures for the Administrative Plan, it was also suggested that a complete copy of the "Voucher Program Guidebook-Housing Choice" (Publication 7420.10G) be printed for reference. The prior auditor recommended that the Town's Administrative Plan be revised to indicate how the Town will actively market the Section 8 Program to prospective landlords.

For the fiscal year ended December 31, 2002, the prior auditor noted that the Town of Kentwood, subsequent to fiscal year end, was taking steps to resolve the above findings. These steps are outlined in response to "Reference Number 2001-F1". However, at December 31, 2002, the utilization rate was 73.8% and decreased subsequent to the issuance of the 2002 audit report, as more strict housing quality standards were enforced. The prior auditor recommended that the Town conduct the planned conference for prospective landlords, increase marketing efforts, and contact the local HUD office to determine if additional steps can be taken to lease units.

For the fiscal year ended December 31, 2003, the utilization rate was 70.9%. The utilization rate was low, for 2003, because the Town was in the process of restructuring the operation of the Housing Choice Voucher Program. This process involved, in many cases, re-certifying tenant eligibility and re-inspecting housing units to determine that each unit met minimum housing quality standards. As was predicted, the number of units leased, initially decreased. However, because of marketing and improvements in the operation of the Housing Choice Voucher Program, demand for housing assistance increased during 2003. At December 31, 2003, leased units increased to 50 (out of a total 55). This resulted in a utilization rate for the month of December 2003 of 90.9%. Utilization rate increased in the first four months to a 96.4% rate for the month of April 2004.

(continued)

Town of Kentwood  
Kentwood, Louisiana

Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2003

**Corrective Action Planned (Response by Management):**

We have performed the recommendations as provided in the previous paragraphs and feel the Housing Choice Voucher Program is now stable and should be able to perform to the program standards, as indicated by the leased-up percentage reported in April 2004.

**Corrective Action Taken:** Final

**Reference Number:** 2001-F4

**Description of Finding:**

An integral part of the Section 8 Housing Choice Voucher Program involves the filing of HUD form 50058 online. This form is required to be filed online, to HUD, as each housing unit is re-certified each year. The annual certification provides information to HUD on the housing unit and tenant, including calculation of rent to owner, tenant rent paid to owner, and utility reimbursement to tenant. Of the sample of 20 tenant files selected for testing, for the fiscal year ending December 31, 2001, and based on review with HUD representatives, the prior auditor found no evidence to indicate that any of these forms had been filed on a timely basis, indicating that HUD form 50058 had not been filed on a timely basis for all 44 tenant files. It was recommended that HUD form 50058 be filed online with the annual re-certification for each unit.

At the time fieldwork was being conducted, for the fiscal year 2002 audit, the prior auditor noted that HUD form 50058 had still not been filed on a timely basis. Per discussion with the new Housing coordinator, they were having difficulty in getting the forms to print. The coordinator was awaiting assistance from the Tangipahoa Parish staff or assistance directly from the HUD office, to get this matter corrected. The prior auditor recommended that the Town of Kentwood request a determination as to whether training and assistance was to be provided by the local HUD office or must be obtained independently by the Town of Kentwood.

**Corrective Action Planned (Response by Management):**

We were able to obtain staff training from the local HUD office for assistance in filing the HUD form 50058. The HUD form 50058 was filed timely in 2003.

**Corrective Action Taken:** Final

(Concluded)

Town of Kentwood  
Kentwood, Louisiana

Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 2003

**Section I-Internal Control and Compliance Material to the Financial Statements:**

No Findings for Section I.

**Section II – Internal Control and Compliance Material to Federal Awards:**

There was no expenditures for Federal Awards for the fiscal year ended December 31, 2003.

# WILLIAM R. DURDEN

*Certified Public Accountant*

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MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor, Harold Smith  
and the Board of Aldermen  
Town of Kentwood, Louisiana

I have audited the basic financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 2003, and have issued my report thereon dated June 23, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town of Kentwood, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, which noncompliance with could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Kentwood, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to a material weakness.

**WILLIAM R. DURDEN**  
*Certified Public Accountant*

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MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the Town of Kentwood, Louisiana, the Washington Parish Council, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



William R. Durden  
Certified Public Accountant

June 23, 2004