

PARADIS VOLUNTEER FIRE DEPARTMENT
PARADIS, LOUISIANA

*General Purpose Financial Statements
and
Independent Auditor's Report
As of and for the Year Ended 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: 7-28-04

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PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

**General Purpose Financial Statements
and
Independent Auditor's Report
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Paradis Volunteer Fire Department, Inc.
Paradis, Louisiana**

We have audited the accompanying general purpose financial statements of the Paradis Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Paradis Volunteer Fire Department, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and generally accepted governmental auditing standards contained in the *Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, issued by the Comptroller General of the United States of America. These standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Paradis Volunteer Fire Department, Inc. as of December 31, 2003, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* generally accepted in the United States of America, we have also issued a report dated June 18, 2004, on our consideration of the Paradis Volunteer Fire Department, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

June 18, 2004

PARADE VOLUNTEER FIRE DEPARTMENT, INC.
Parade, Louisiana

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2009

| | Governmental Fund Types | | Account Groups | | Total (Memorandum Only) |
|---|-------------------------|----------------------------------|------------------------|--------------------------|-------------------------------|
| | General Fund | Private Contributions Fund | General Fund Assets | Long-Term Liabilities | |
| ASSETS | | | | | |
| Cash | \$ 101.02 | \$ 10,000.00 | \$ - | \$ - | \$ 10,101.02 |
| Cash - savings | 71,794.54 | - | - | - | 71,794.54 |
| Investments | 101,004.00 | - | - | - | 101,004.00 |
| Receivables receivable | 8,067.10 | - | - | - | 8,067.10 |
| Prepaid/advance refunds | - | - | 880,000.00 | - | 880,000.00 |
| Equipment | - | - | 400,070.01 | - | 400,070.01 |
| Furniture | - | - | 1,004.00 | - | 1,004.00 |
| Building | - | - | 110,470.70 | - | 110,470.70 |
| Construction in progress | - | - | 681,122.08 | - | 681,122.08 |
| Amount to be provided for retirement of long-term debt | - | - | - | 470,000.00 | 470,000.00 |
| Total Assets | \$ 271,054.71 | \$ 10,000.00 | \$ 1,760,671.17 | \$ 470,000.00 | \$ 2,481,741.94 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 1,000.00 | \$ - | \$ - | \$ - | \$ 1,000.00 |
| Notes payable | - | - | - | 470,000.00 | 470,000.00 |
| Total liabilities | \$ 1,000.00 | \$ - | \$ - | \$ 470,000.00 | \$ 471,000.00 |
| Fund equity and other credits | | | | | |
| Investments in general fund assets | \$ - | \$ - | \$ 1,760,671.17 | \$ - | \$ 1,760,671.17 |
| Fund balance (Unassigned) | 271,054.71 | 10,000.00 | - | - | 281,054.71 |
| Total fund equity and other credits | \$ 271,054.71 | \$ 10,000.00 | \$ 1,760,671.17 | \$ - | \$ 2,481,741.94 |
| Total liabilities, fund equity and other credits | \$ 272,054.71 | \$ 10,000.00 | \$ 1,760,671.17 | \$ 470,000.00 | \$ 2,481,741.94 |

See notes to financial statements.

PARADES VOLUNTEER FIRE DEPARTMENT, INC.
Parade, Louisiana

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
& FUND BALANCE - ALL FUND TYPES**

For the one year ended (December 31, 2003)

| | Governmental Fund Types | | |
|---|-------------------------|----------------------------|---------------------------|
| | General Fund | Private Contributions Fund | Total (Governmental Only) |
| REVENUES | | | |
| Ad valorem tax | \$ 113,244.00 | \$ - | \$ 113,244.00 |
| State tax | 66,483.00 | - | 66,483.00 |
| Fire insurance rebate | 4,716.44 | - | 4,716.44 |
| Private contributions | - | 648.00 | 648.00 |
| Interest | 5,855.73 | 73.87 | 5,929.60 |
| Total revenues | \$ 189,898.17 | \$ 721.87 | \$ 190,619.04 |
| EXPENDITURES | | | |
| Current | | | |
| Electricity | \$ 5,000.00 | \$ - | \$ 5,000.00 |
| Gasoline | 463.24 | - | 463.24 |
| Natural gas | 4,212.00 | - | 4,212.00 |
| Telephone | 1,414.83 | - | 1,414.83 |
| Water | 18,434.00 | - | 18,434.00 |
| Equipment maintenance | 1,777.88 | - | 1,777.88 |
| Equipment repair | 3,520.00 | - | 3,520.00 |
| Fuel | 8,444.00 | - | 8,444.00 |
| Equipment insurance | 3,244.00 | - | 3,244.00 |
| Equipment maintenance & supplies | 844.00 | - | 844.00 |
| Building material & supplies | 1,394.70 | - | 1,394.70 |
| Building maintenance | 5,114.00 | - | 5,114.00 |
| Building insurance | 3,712.04 | - | 3,712.04 |
| Travel | 7,384.00 | - | 7,384.00 |
| Travel | 1,587.24 | - | 1,587.24 |
| Personal auto-equipment | 4,811.00 | - | 4,811.00 |
| Personal services | 1,264.81 | - | 1,264.81 |
| Fire fighting supplies | 1,400.74 | - | 1,400.74 |
| Fire protection | 1,874.00 | - | 1,874.00 |
| Accounting & auditing | 194.00 | - | 194.00 |
| Debt | 3,283.73 | - | 3,283.73 |
| Office expenses | 3,484.45 | - | 3,484.45 |
| Installation of utilities | 2,444.40 | - | 2,444.40 |
| Lumpsums | 4,837.74 | 60.74 | 4,898.48 |
| Miscellaneous | - | 88.40 | 88.40 |
| Capital Outlay | | | |
| Equipment purchase | 81,387.70 | - | 81,387.70 |
| Construction in progress | 473,484.28 | - | 473,484.28 |
| Repayment of Long Term Debt | | | |
| Principal payments | 33,333.00 | - | 33,333.00 |
| Interest | 4,712.00 | - | 4,712.00 |
| Total expenditures | \$ 678,000.00 | \$ 89.14 | \$ 678,089.14 |
| Excess of revenues over/(under) expenditures | \$ (488,181.83) | \$ 632.67 | \$ (487,549.16) |
| OTHER FINANCED RESOURCES | | | |
| Loan proceeds | \$ 475,000.00 | \$ - | \$ 475,000.00 |
| Total other financing sources | \$ 475,000.00 | \$ - | \$ 475,000.00 |
| Excess of revenues and other financing resources over/(under) expenditures | \$ (13,181.83) | \$ 632.67 | \$ (12,549.16) |
| Fund Balance | | | |
| Beginning of year | 346,000.00 | 15,000.00 | 361,000.00 |
| End of year | \$ 332,818.17 | \$ 15,632.67 | \$ 348,450.84 |

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

INTRODUCTION

The Paradis Volunteer Fire Department, Inc. (Fire Department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (3). The Fire Department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles. At year end the Fire Department employed no employees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying financial statements of the Fire Department have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Fire Department is not a governmental unit although it receives a substantial amount of its revenue from the St. Charles Parish Council. As a result of a contractual agreement, the Fire Department is accountable to the Parish Council for fiscal matters. The St. Charles Parish Council does not appoint the governing board, nor management. The Fire Department reports as an independent reporting entity.

C. Fund accounting

The Fire Department uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

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

The only funds of the Fire Department are classified as governmental fund types. Governmental funds account for the Fire Department's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund accounting (continued)

The governmental funds of the Fire Department include:

General Fund - the general operating fund of the Fire Department that accounts for all financial activity, except those required to be accounted for in other funds.

Private Contributions Fund - a fund that accounts for private contributions made to the Fire Department, along with related revenues. The fund also accounts for expenditures made from those financial resources.

D. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The Fire Department's records are maintained on the cash basis of accounting. However, the financial statements have been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues -

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board and are available to the Fire Department. Sales taxes become payable to the School Board on the first day of the month, and become delinquent on the 20th of the month, following collection of the taxes by the business.

Ad valorem taxes are recorded in the year the taxes are collected by the St. Charles Parish Sheriff and are available to the Fire Department. Ad valorem taxes are payable to the Sheriff prior to December 31 and become delinquent after that date.

Interest income is recorded when the cash is available to the Fire Department.

All other revenues are recorded when received.

Expenditures -

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Memorandum Only columns

The total columns captured "Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. Encumbrances

The Fire Department does not use encumbrance accounting.

G. Cash

Cash and investments, which include interest bearing demand deposit accounts and certificates of deposit with a maturity of less than 90 days, are stated at cost, which approximates fair market value.

H. Investments

Investments consist of certificates of deposit, with a maturity of greater than 90 days, which are stated at cost which approximates market.

I. Inventories

Physical inventories consist of expendable supplies held for consumption. Because inventories are expensed within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

L. Fixed assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

J. Long-term obligations

Long-term obligations are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 3. DEPOSITS

The Department has deposit balances as follows:

| | Balances | |
|--|-----------------------------|-----------------------------|
| | Book | Bank |
| <u>First National Bank "FSCB"</u> | | |
| Checking (interest bearing) | \$ 951.93 | \$ 9,901.94 |
| Savings (interest bearing) | 71,794.54 | 71,794.54 |
| Certificates of deposit | 191,501.08 | 191,501.08 |
| <u>Hibernia National Bank</u> | | |
| Checking (interest bearing) | 15,329.63 | 15,329.63 |
| Total | <u>\$ 280,577.18</u> | <u>\$ 288,957.17</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 must be 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 Fire Department has \$288,957.17 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and by 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 uncollateralized (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 90 days of being notified by the Fire Department that the fiscal agent failed to pay deposited funds upon demand.

NOTE 4. INVESTMENTS

Investments include amounts in certificates of deposit with a maturity of greater than 90 days. At December 31, 2003, the Fire Department had investments totaling \$191,501.08, as follows:

| | |
|--|-----------------------------|
| <u>First National Bank "FSCB"</u> | |
| Certificates of deposit | <u>\$ 191,501.08</u> |
| Total | <u>\$ 191,501.08</u> |

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 3. REVENUE RECEIVABLES

The receivables at December 31, 2003 consisted of sales taxes in the amount of \$ 6,567.19.

NOTE 4. AD VALOREM TAX

Effective July 21, 1996, ad valorem tax in the amount of 1.8 mills is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed when collected to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

NOTE 5. SALES TAX

Effective March 1, 1990, sales tax in the amount of 1.8% is collected by the St. Charles Parish School Board to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

NOTE 6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance at 12/31/2002 | Additions | Deletions | Balance at 12/31/2003 |
|--------------------------|--------------------------|---------------|-----------|--------------------------|
| Fire Protection Vehicles | \$ 683,306.80 | \$ - | \$ - | \$ 683,306.80 |
| Equipment | 390,320.11 | 81,347.79 | - | 471,668.91 |
| Furniture | 3,294.62 | - | - | 3,294.62 |
| Buildings | 112,474.76 | - | - | 112,474.76 |
| Construction in Progress | 9,185.00 | 472,064.28 | - | 481,249.28 |
| Total | \$ 1,147,625.19 | \$ 553,381.98 | \$ - | \$ 1,701,007.17 |

During 2003, the Department began the construction on a new station. The costs associated with the construction of the station will accumulate in a construction in progress account, until the station is complete. Upon completion, the total cost of the station will be transferred into the buildings account. The anticipated date of completion is February 27, 2004 at a total estimated cost of \$915,280.

NOTE 7. LEASES

The Fire Department had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 8. GENERAL LONG-TERM LIABILITIES

A summary of changes in general long term liabilities follows:

| | |
|---|----------------------|
| Long-term obligations payable at December 31, 2002 | \$ 33,333.34 |
| Additions | 415,065.18 |
| Deductions | <u>(53,333.33)</u> |
| Long-term obligations payable at December 31, 2003 | <u>\$ 415,065.18</u> |

During the year, the Department satisfied a loan which was used to purchase a new service truck. The Paradis Volunteer Fire Department had pledged its two certificates of deposits held at First National Bank USA for the loan.

Also during the year, the Department entered into another loan for renovations and additions to the central fire station in the amount of \$815,200. The Department has pledged as collateral, its excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the debt is outstanding. As of December 31, 2003, only \$415,065.18 had been borrowed. Interest on the loan will be calculated at 5%. The Department will pay this loan in 7 monthly consecutive interest payments beginning July 15, 2003, 259 monthly consecutive principal and interest payments of \$4,600.54 each, beginning February 15, 2004, and one principal and interest payment of \$4,789.78 on January 15, 2025.

NOTE 9. LITIGATION AND CLAIMS

At December 31, 2003, the Fire Department had no litigation or claims pending.

NOTE 10. GASS 34 IMPLEMENTATION

The Governmental Accounting Standards Board (GASB) issued Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Government, in June 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Fire Department is required to implement the provisions of the pronouncement for financial statements for the period beginning after June 15, 2003, because total revenues were less than \$10 million in the year ending December 31, 1999.

SUPPLEMENTAL INFORMATION SCHEDULES

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

**Summary of Schedule of Prior Audit Findings
As of and for the Year Ended December 31, 2003**

Ref. No.

0212-01

Fiscal Year Finding Initially Occurred

All previous years

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken (Yes, No, Partially)

No

Planned Corrective Action/Partial Corrective Action Taken

None

Additional Explanation

This is a common reportable condition noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition cannot be remedied in a cost effective manner.

PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2003****Ref. No.**

0312-01

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Planned

No corrective action plan is taken because of the size of the entity.

Name of Contact Person

Angela Dufrene, Treasurer

Anticipated Completion Date

None

Additional Explanation

This is a common reportable condition noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition cannot be remedied in a cost-effective manner.

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors
Paradis Volunteer Fire Department, Inc.
Paradis, Louisiana**

We have audited the general purpose financial statements of the Paradis Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 19, 2004. We conducted our 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 Paradis Volunteer Fire Department, Inc.'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which 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 our audit, and accordingly, we 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 our audit, we considered the Paradis Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a single matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the

accompanying corrective action plan for the current year audit findings as item 03/12-01 on page 12.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the Department's Board and those governments for which reporting is required. However, this report is a matter of public record, and its distribution is not limited.



June 18, 2004