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ST. LANDRY PARISH FIRE PROTECTION
DISTRICT NO. II
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 8-11-04

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BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.
P.O. Drawer 307
Crowley, Louisiana
70527-0307
phone: (337) 783-0650
fax: (337) 783-7238

Other Offices:

Lafayette, LA
(337) 988-4930

Opelousas, LA
(337) 942-5217

Abbeville, LA
(337) 898-1497

New Iberia, LA
(337) 364-4554

Church Point, LA
(337) 684-2855

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupré, CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

*Members of American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

**The Board of Commissioners
St. Landry Parish Fire Protection District No. II
Port Barre, Louisiana**

We have audited the accompanying general purpose financial statements of the St. Landry Parish Fire Protection District No. II, a component unit of the St. Landry Parish Police Jury, as of December 31, 2003 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 St. Landry Parish Fire Protection District No. II as of December 31, 2003 and the results of its 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*, we have also issued our report dated April 2, 2004, on our consideration of the District's internal control over financial reporting and our 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 our audit.

To the Board of Commissioners
St. Landry Parish Fire Protection District No. II

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying information listed as "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 St. Landry Parish Fire Protection District No. II. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Broussard, Poche, Lewis & Breaux, L.L.P.

Crowley, Louisiana
April 2, 2004

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2003

	Governmental	Account Groups		Total (Memorandum Only)
	Fund Type	General	General	
	General	Fixed	Long-Term	
	Fund	Assets	Debt	
ASSETS				
Cash and cash equivalents	\$ 18,151	\$ -	\$ -	\$ 18,151
Property tax receivable	266,481	-	-	266,481
State revenue sharing receivable	33,917	-	-	33,917
Certificates of deposit	128,080	-	-	128,080
Land	-	11,659	-	11,659
Buildings	-	258,146	-	258,146
Machinery and equipment	-	403,778	-	403,778
Amount to be provided for retirement of long-term debt	-	-	31,173	31,173
Total assets and other debits	\$ 446,629	\$ 673,583	\$ 31,173	\$ 1,151,385
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 5,021	\$ -	\$ -	\$ 5,021
Accrued liabilities	2,097	-	-	2,097
Pension fund deduction	9,449	-	-	9,449
Capital lease payable	-	-	31,173	31,173
Total liabilities	\$ 16,567	\$ -	\$ 31,173	\$ 47,740
Fund equity:				
Investment in general fixed assets	\$ -	\$ 673,583	\$ -	\$ 673,583
Fund balance:				
Unreserved and undesignated	430,062	-	-	430,062
Total fund equity	\$ 430,062	\$ 673,583	\$ -	\$ 1,103,645
Total liabilities and fund equity	\$ 446,629	\$ 673,583	\$ 31,173	\$ 1,151,385

See Notes to Financial Statements.

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II
 COMINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGE IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 GENERAL FUND
 Year Ended December 31, 2003

Revenues:	
Taxes:	
Ad valorem	\$ 304,081
Intergovernmental:	
State revenue sharing	33,917
Fire insurance rebate	13,964
Other	1,336
Interest earnings	4,057
Total revenues	\$ 357,355
Expenditures:	
Current:	
Public safety	\$ 395,794
Capital outlays	929
Debt service	19,897
Total expenditures	\$ 416,620
Deficiency of revenues over expenditures	\$ (59,265)
Fund balance, beginning	489,327
Fund balance, ending	\$ 430,062

See Notes to Financial Statements.

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (BUDGETARY BASIS) AND ACTUAL - GENERAL FUND
 Year Ended December 31, 2003

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
Revenues:					
Taxes:					
Ad valorem	\$ 304,081	\$ 33,091	\$ 337,172	\$ 299,600	\$ 37,572
Intergovernmental:					
State revenue sharing	33,917	(36)	33,881	34,000	(119)
Fire insurance rebate	13,964	-	13,964	14,000	(36)
Other	1,336	-	1,336	1,335	1
Interest earnings	4,057	-	4,057	3,500	557
Total revenues	\$ 357,355	\$ 33,055	\$ 390,410	\$ 352,435	\$ 37,975
Expenditures:					
Current:					
Public safety	\$ 395,794	\$ (17,380)	\$ 378,414	\$ 384,596	\$ 6,182
Capital outlays	929	-	929	975	46
Debt service	19,897	-	19,897	19,897	-
Total expenditures	\$ 416,620	\$ (17,380)	\$ 399,240	\$ 405,468	\$ 6,228
Excess (deficiency) of revenues over expenditures	\$ (59,265)	\$ 50,435	\$ (8,830)	\$ (53,033)	\$ 44,203
Fund balance, beginning	489,327	(326,915)	162,412	162,412	-
Fund balance, ending	\$ 430,062	\$ (276,480)	\$ 153,582	\$ 109,379	\$ 44,203

See Notes to Financial Statements.

**ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The financial statements of the St. Landry Parish Fire Protection District No. II have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the generally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting entity:

The St. Landry Parish Fire Protection District No. II is a component unit of the St. Landry Parish Police Jury. The District was established in 1955 to provide fire protection and rescue service for the residents of the District.

Fund accounting:

The District uses one fund and two 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 general fund, a governmental fund type, is the general operating fund of the District. It is used to account for all financial resources of the District.

General Fixed assets and long-term obligations:

General fixed assets:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are valued at cost or at estimated cost for purchases made prior to 1980.

Assets in the general fixed assets account group are not depreciated. Due to the nature of its operations, the District has no public domain (infrastructure) fixed assets.

Long-term obligations are accounted for in the general long-term debt account group, not in the general fund. The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

NOTES TO FINANCIAL STATEMENTS

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes and the related state revenue sharing are recognized as revenue in the year in which the taxes are assessed and billed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. The other major revenue considered susceptible to accrual is interest on investments. Expenditures are recorded when the related fund liability is incurred.

Use of estimates in the preparation of financial statements:

The preparation of financial statements in conformity with generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Budgets:

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 1, the Chairman submits to the Board a proposed operating budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through the passage of a resolution; amendments are also legally enacted through the passage of a resolution.
4. The budget for the general fund is adopted on a cash basis (NON-GAAP basis). Included in the accompanying financial statements is an adjustment column converting revenues and expenditures as determined by the modified accrual basis of accounting to the budgetary (cash) basis.
5. The budget for the general fund is employed as a management control device during the year.

All budget appropriations lapse at year end. Revenues may not legally fall short of budgeted amounts by more than five percent and expenditures may not legally exceed budgeted appropriations by more than five percent at the individual fund level. The District does not use encumbrance accounting.

The budget amounts disclosed in this report are as amended by the Board.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of 90 days or less. Investments are stated at cost.

The District may invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks having their principal office in the State of Louisiana, or any other federally insured investment. The District may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount.

Under state law, these deposits in financial institutions must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times be equal to the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. At December 31, 2003, deposits in financial institutions were fully secured by federal deposit insurance and the market value of securities pledged in the District's name.

Compensated absences:

Employees of the District who have been employed for one year earn 18 days of vacation pay. After ten years of service, they earn one additional day of vacation pay for each year worked up to the maximum of 30 days. All employees are entitled to 12 days sick pay after being employed for three months. No sick pay is paid upon resignation or retirement.

No accruals have been made for accumulated unpaid vacation and sick leave due to their immateriality in relation to total payroll costs of the District.

Memorandum only - total columns:

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present 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.

Note 2. Levied Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in May or June and are actually billed to the taxpayers in the later part of the fiscal year. Billed taxes become delinquent on January 1 of the following year. The taxes are generally collected in December of the current year and January and February of the ensuing year. The following is a summary of the levied ad valorem taxes:

General corporate purpose:

Operations and maintenance

17.64

NOTES TO FINANCIAL STATEMENTS

Note 3. General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2003</u>
Land	\$ 11,659	\$ -	\$ -	\$ 11,659
Building	258,145	-	-	258,145
Machinery and equipment	<u>514,144</u>	<u>-</u>	<u>(110,365)</u>	<u>403,779</u>
	<u>\$ 783,948</u>	<u>\$ -</u>	<u>\$ (110,365)</u>	<u>\$ 673,583</u>

Note 4. Pension Plan

All employees of the St. Landry Parish Fire Protection District No. II are members of the federal social security system. Two firefighters are also members of the Firefighters Retirement Plan.

Plan description:

The Firefighters Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another publicly funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighters Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighters Retirement System, P. O. Box 94095 Capitol Station, Baton Rouge, LA 70804-9095.

Funding policy:

Plan members are required to contribute 8.0% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The employer's portion rate from January through February and May through June was 18.25%, in March the rate was 9% and in April the rate increased to 10.25%, from July through December 31, 2003 the rate remained at 21% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2003, 2002 and 2001 were \$7,705, 2,410 and \$3,639 respectively, all were equal to the required contribution for their respective year.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Lease

On March 1, 1999, the District entered into a capital lease for the purchase of a fire truck. The total amount financed is \$111,294 to be paid over seven years with an interest rate of 5.94%. The lease agreement requires annual payments of \$19,897 through March 1, 2006.

The following is a break down of the annual lease payments between principal and interest for the next two years:

<u>Year Ended December 31,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2004	\$ 1,877	\$ 18,020	\$ 19,897
2005	<u>1,787</u>	<u>13,153</u>	<u>14,940</u>
	<u>\$ 3,664</u>	<u>\$ 31,173</u>	<u>\$ 34,837</u>

Note 6. Changes in General Long-Term Debt

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

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2003</u>
Capital lease payable	<u>\$ 48,143</u>	<u>\$ -</u>	<u>\$ 16,970</u>	<u>\$ 31,173</u>

Note 7. New Reporting Standard

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments. This standard established new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The District is required to implement this standard for the fiscal year ended December 31, 2004. The District has not yet determined the full impact that adoption of GASB Statement No. 34 will have on the financial statements.

Note 8. Contingent Liability

As of December 31, 2003, the District is not aware of any violation with respect to environmental issues, which may arise from holdings the District has in fixed assets.

SUPPLEMENTARY INFORMATION

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
Year Ended December 31, 2003

James Kennison	\$ 642
George Hardy, Jr.	642
Mike Savant	428
Don LeBlanc, Chairman	1,926
John Sylvester	<u>642</u>
Total	<u>\$ 4,280</u>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members received \$53.50 per diem for attendance at regular meetings of the Board and the chairman received \$107 per month as an expense allowance.

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II

SCHEDULE OF EXPENDITURES
 BUDGET (BUDGETARY BASIS) AND ACTUAL - GENERAL FUND
 Year Ended December 31, 2003

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
Current:					
Public safety-					
Pension deduction	\$ 9,449	\$ (9,449)	\$ -	\$ 9,450	\$ 9,450
Uncollected taxes	5,487	(5,487)	-	-	-
Personnel costs	237,712	-	237,712	234,232	(3,480)
Pension plan contribution	7,705	(509)	7,196	6,950	(246)
Expense allowance	1,284	-	1,284	1,284	-
Per diem	2,996	-	2,996	2,975	(21)
Telephone and utilities	10,472	48	10,520	10,620	100
Insurance	66,667	(2,899)	63,768	62,650	(1,118)
Gasoline and oil	2,369	125	2,494	2,720	226
Uniforms and coats	688	-	688	750	62
Repairs and maintenance	23,102	1,174	24,276	25,210	934
Professional fees	9,815	(455)	9,360	9,360	-
Office supplies	9,313	72	9,385	9,905	520
Grant expense	8,004	-	8,004	8,000	(4)
Firefighting supplies	731	-	731	490	(241)
Capital outlays	929	-	929	975	46
Debt service-					
Principal	16,983	-	16,983	16,983	-
Interest	2,914	-	2,914	2,914	-
Total expenditures	<u>\$ 416,620</u>	<u>\$ (17,380)</u>	<u>\$ 399,240</u>	<u>\$ 405,468</u>	<u>\$ 6,228</u>

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

To the Board of Commissioners
St. Landry Parish Fire Protection District No. II
Port Barre, Louisiana

We have audited the general purpose financial statements of the St. Landry Parish Fire Protection District No. II of and for the year ended December 31, 2003, and have issued our report thereon dated April 2, 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 St. Landry Parish Fire Protection District No. II'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 did not disclose any 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 St. Landry Parish Fire Protection District No. II'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Breaux, L.L.P.

Crowley, Louisiana
April 2, 2004

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2003

We have audited the financial statements of St. Landry Parish Fire Protection District No. II as of and for the year ended December 31, 2003, and have issued our report thereon April 2, 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. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

The District does not have any federal awards.

Section II Financial Statement Findings

This District did not have any reportable financial statement findings in the current year.

Section III Federal Award Findings and Questioned Costs

The District did not receive any federal awards in the current year.

ST. LANDRY PARISH FIRE PROTECTION DISTRICT NO. II

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statement

#2002-1 – Budget Violation

Finding and effect: For the year ended December 31, 2002, actual expenditures exceeded budgeted expenditures by more than 5% in the General Fund. Thus, the District is not in compliance with the Local Government Budget Act (Louisiana Revised Statutes (LSA-R.S.) 39:1310).

Cause: Management failed to adequately monitor the budgets of the fund and amend it accordingly to be within the 5% limitation. The primary reason that actual expenditures exceeded budgeted expenditures in this fund is due to the year-end accruals made as part of our audit procedures applied to accounts payable.

Recommendation: We recommend that management closely monitor the budget and make every effort possible to stay within the 5% limitation by amending the budget as deemed necessary, including all outstanding payables at year-end.

Response: Management has agreed to obtain better budgeting control in the future by monitoring the budget more closely and making amendments when necessary to comply with the 5% limitation.

Section II. Internal Control and Compliance Material to Federal Awards

The prior year's report did not include any federal awards.

Section III. Management Letter

The prior year's report did not include a management letter.