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KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana

General Purpose Financial Statements
With Accountants' Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
June 30, 2003

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

Release Date 11.5.03

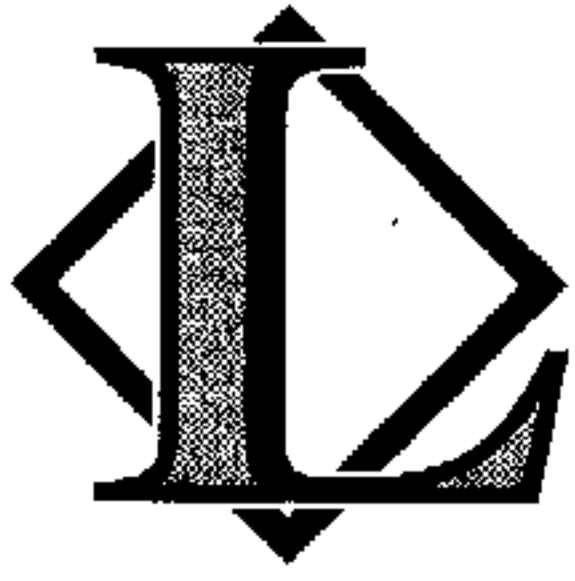
LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana

General Purpose Financial Statements
With Accountants' Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
June 30, 2003

C O N T E N T S

	<u>Statement</u>	<u>Page No.</u>
Accountants' Compilation Report		2
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	4
Governmental Fund Type - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	B	5
Notes to the Financial Statements		6
Accountants' Report on Applying Agreed-Upon Procedures		13
Louisiana Attestation Questionnaire		18
Agency Corrective Action Plan		20



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Accountants' Compilation Report

BOARD OF COMMISSIONERS
Kilbourne Volunteer Fire District
Kilbourne, Louisiana

We have compiled the accompanying general purpose financial statements, as listed in the foregoing table of contents, of the Kilbourne Volunteer Fire District, a component unit of the West Carroll Parish Police Jury, as of June 30, 2003, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

Little & Associates

Monroe, Louisiana
October 11, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, June 30, 2003

	GOVERNMENTAL FUND TYPE - GENERAL FUND	...ACCOUNT GROUPS... GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS				
Cash	\$54,461			\$54,461
Receivables	28,247			28,247
Land, buildings, and equipment		\$626,320		626,320
Amount to be provided for retirement of General Long Term Debt			\$72,853	72,853
TOTAL ASSETS AND OTHER DEBITS	<u>\$82,708</u>	<u>\$626,320</u>	<u>\$72,853</u>	<u>\$781,881</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$21,912			\$21,912
Lease Payable			\$72,853	72,853
Total Liabilities	<u>21,912</u>	<u>NONE</u>	<u>72,853</u>	<u>94,765</u>
Fund Equity:				
Investment in general fixed assets		\$626,320		626,320
Fund balance - unreserved - undesignated	60,796			60,796
Total Fund Equity	<u>60,796</u>	<u>626,320</u>	<u>NONE</u>	<u>687,116</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$82,708</u>	<u>\$626,320</u>	<u>\$72,853</u>	<u>\$781,881</u>

See accompanying notes and accountants' compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2003

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Sales and use taxes	\$42,000	\$44,494	\$2,494
Intergovernmental revenue			
Federal grant - Federal Emergency Management Assistance	30,000	29,160	(840)
State:			
Rural Development grant	30,000	31,995	1,995
Fire insurance rebate	3,600	4,709	1,109
Use of money and property	1,000	1,282	282
Other revenues		3,533	3,533
Total revenues	<u>106,600</u>	<u>115,173</u>	<u>8,573</u>
EXPENDITURES			
Current - public safety:			
Operating services	52,300	57,744	(5,444)
Material and supplies	2,000	4,950	(2,950)
Debt service	17,130	18,481	(1,351)
Capital Outlay	40,200	34,794	5,406
Total expenditures	<u>111,630</u>	<u>115,969</u>	<u>(4,339)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(5,030)	(796)	4,234
FUND BALANCE AT BEGINNING OF YEAR	<u>16,912</u>	<u>61,592</u>	<u>44,680</u>
FUND BALANCE AT END OF YEAR	<u>\$11,882</u>	<u>\$60,796</u>	<u>\$48,914</u>

See Accountants' Compilation Report

KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kilbourne Volunteer Fire District was created to purchase and maintain fire equipment and provide fire protection for people within the district as provided by Louisiana Revised Statutes 40:1491-1501. Fire protection for the district is provided totally by volunteers. The district has fire stations located in Kilbourne and Terry. The district is governed by a five member board of commissioners: two members appointed by the West Carroll Parish Police Jury, one member is elected at-large within the district, and two are elected from within the village of Kilbourne. Elected members serve four-year terms. Appointed members serve at the pleasure of the West Carroll Parish Police Jury.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the West Carroll Parish Police Jury is the financial reporting entity for West Carroll Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the West Carroll Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

KILBOURNE VOLUNTEER FIRE DISTRICT

June 30, 2003

Notes to the Financial Statements (continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury created the district, appoints certain commissioners of the district, and has the ability to impose its will on the district, the district was determined to be a component unit of the West Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the West Carroll Parish financial reporting entity.

B. FUND ACCOUNTING

The district 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, when the focus of attention is on the providing of services to the public as opposed to proprietary funds when the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental fund types (General Fund). The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by an ad valorem tax approved by voters of the district and state fire insurance rebates.

C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased general fixed assets are valued at historical cost. Donated fixed assets are recorded at their fair market value on the date of donation. Approximately 99 per cent of general fixed assets are valued at actual cost while the remaining 1 per cent are valued at estimated cost, based on the actual historical cost of like items. No depreciation has been provided on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

Long-term debt expected to be financed from governmental funds is accounted for in the general long-term debt account group, not in the governmental funds.

D. BASIS OF ACCOUNTING

The 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 for 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 for reporting 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. The district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Sales/Use taxes are budgeted in the year the taxes are due and payable. Sales taxes are assessed on the purchase, lease or rental, or consumption, or the storage for lease, rental or consumption, of tangible personal property, and on the sale of specified services, within the District.

KILBOURNE VOLUNTEER FIRE DISTRICT
June 30, 2003
Notes to the Financial Statements (continued)

Sales/Use taxes are deemed due and payable when the underlying transaction, on which the tax is assessed, occurs.

Other intergovernmental revenues are recorded when the district is entitled to the funds.

Interest income on demand deposits is recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, sales/use taxes and other intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

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

E. BUDGET PRACTICES

According to state law, proposed budgets are prepared and adopted by the board of commissioners in June of the preceding fiscal year.. The budget is established and controlled by the board of commissioners at the object level of expenditure. Encumbrance accounting is not utilized in the district's records. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

F. CASH

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2003, the district has demand deposits (book balances) totaling \$54,461.

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

KILBOURNE VOLUNTEER FIRE DISTRICT
June 30, 2003
Notes to the Financial Statements (continued)

amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2003, total \$54,461 and are fully secured by federal deposit insurance.

**G. TOTAL COLUMN ON COMBINED
BALANCE SHEET**

The total column in the combined balance sheet is captioned Memorandum Only (Overview) 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.

H. RISK MANAGEMENT

The fire district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the fire district maintains insurance coverages. The policy covers general liability, property, vehicle, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2003.

2. RECEIVABLES

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

Taxes - Sales and Use	\$3,543
Rural Development grant	19,995
2% Fire insurance rebate	<u>4,709</u>
Total	<u>\$28,247</u>

2. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended June 30, 2003:

KILBOURNE VOLUNTEER FIRE DISTRICT
 June 30, 2003
 Notes to the Financial Statements (continued)

	Balance at July 1,	Additions	Deletions	Balance at June 30,
Land and buildings	\$42,816	\$12,500		\$55,316
Furniture and equipment	548,710	22,294		571,004
Total	<u>\$591,526</u>	<u>\$34,794</u>	<u>NONE</u>	<u>\$626,320</u>

3. CHANGES IN GENERAL LONG-TERM DEBT

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

	<u>Capital Lease</u>
Long-term debt payable at January 1, 2002	\$85,171
Additions	
Reductions	<u>(12,318)</u>
Long-term debt payable at June 30, 2003	<u>\$72,853</u>

5. CAPITAL LEASE

The district records items under capital leases as an asset and an obligation in the accompanying financial statements. During 1999, the district entered into a capital lease for a fire truck. The lease had an original recorded amount of \$128,200. Lease obligations are retired from the General Fund. The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of June 30, 2003:

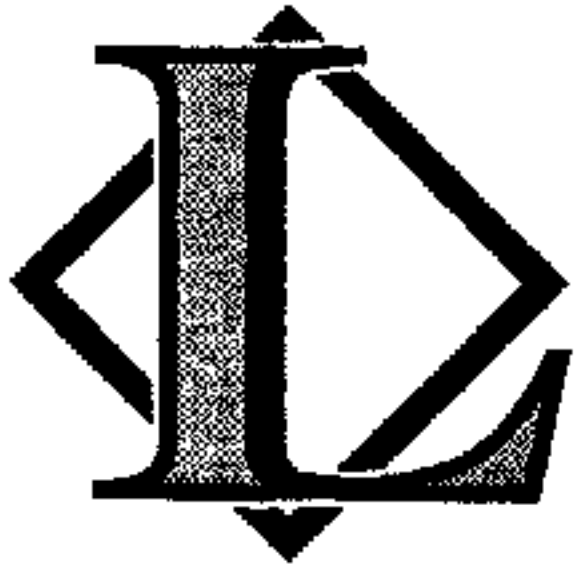
2004	\$17,131
2005	17,131
2006	17,131
2007	17,131
2008	<u>17,131</u>
Total	85,655
Less amount representing interest	<u>(12,802)</u>
Present value of net minimum lease payments	<u>\$72,853</u>

6. LITIGATION AND CLAIMS

At June 30, 2003, the district is not involved in any litigation, nor is it aware of any unasserted claims.

**Independent Accountants' Report on Applying
Agreed-Upon Procedures**

The following independent accountants' report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

BOARD OF COMMISSIONERS
KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of Kilbourne Volunteer Fire District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Kilbourne Volunteer Fire District's compliance with certain laws and regulations during the year ended June 30, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during each year under examination for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. That review disclosed 2 expenditures made during the period under examination exceeding \$15,000. One expenditure was for the lease payment, and one for the purchase of smoke alarms and fire extinguishers. The District complied with the bid law. No expenditures were disclosed for public works exceeding \$100,000.

KILBOURNE VOLUNTEER FIRE DISTRICT

Kilbourne, Louisiana

Independent Accountants' Report on
Applying Agreed Upon Procedures,
June 30, 2003

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information. An examination of the minutes of meetings and expenditures revealed no payments to related parties as defined in the statute.

3. Obtain from management a listing of all employees paid during the period under examination.

The district has no employees.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

The district has no employees.

Budgeting

5. Obtain a copy of the legally adopted budgets and all amendments.

Management provided us with a copy of the original budget.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of meetings held on October 8, 2002, which indicated that the budgets had been adopted by the Board of Commissioners of Kilbourne Volunteer Fire District. This measure indicated that the Kilbourne Volunteer Fire District did not formally adopt budgets in accordance with R.S. 39:1309.

7. Compare the revenues and expenditures of the final budgets to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana
Independent Accountants' Report on
Applying Agreed Upon Procedures,
June 30, 2003

We compared the revenues and expenditures of the budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted amounts by 5% or more, and actual expenditures did not exceed budgeted amounts by 5% or more.

Accounting and Reporting

8. Randomly select 6 disbursements made during each period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) All six selected disbursements were for the proper amount as reflected on supporting documentation and were made to the correct payee.
- (b) All six disbursements were coded to the correct fund and general ledger account.
- (c) Inspection of documentation supporting each of the six disbursements indicated approvals from the board prior to the purchase.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

We inquired of management whether agendas for meetings were posted at the meeting place at least twenty-four hours prior to the meeting. Management stated that agendas were posted and a copy is retained with the minutes. From examination of these notices we determined that the date and time of posting is written on the notice to indicate compliance.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

KILBOURNE VOLUNTEER FIRE DISTRICT
Kilbourne, Louisiana
Independent Accountants' Report on
Applying Agreed Upon Procedures,
June 30, 2003

We inspected copies of all deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness. However, time payments were arranged for the purchase of the fire truck that extended beyond ninety days and for which bond commission approval was not obtained.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

As stated in number 3 above, the district has no paid employees. A reading of the minutes of the board for the year indicated no approval for payment. We also inspected disbursements journals for of the year and noted no instances which would indicate payments to board members which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Kilbourne Volunteer Fire District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Little & Associates

Monroe, Louisiana
October 11, 2003

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the questionnaire.

Little & Associates, CPA's
805 North 31st Street
P.O. Box 4058
Monroe, LA 71211

In connection with your compilation of our financial statements as of June 30, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of October 11, 2003.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes No N/A

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. No employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes No N/A

3. No member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes No N/A

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes No N/A

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No N/A

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [X] No [] N/A []

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [X] No [] N/A []

DEBT

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes [X] No [] N/A []

ADVANCES AND BONUSES

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known non-compliance which may occur subsequent to the issuance of your report.

Renn Morgan
Secretary/Treasurer

October 11, 2003
Date

KILBOURNE VOLUNTEER FIRE DISTRICT
P. O. Box 502
Kilbourne, Louisiana 71253

October 11, 2003

Louisiana Legislative Auditor
Baton Rouge, Louisiana

The Kilbourne Volunteer Fire District has been informed by our certified public accountants that we have violated certain statutes concerning the operation of the District. Please understand that the Kilbourne Volunteer Fire Department, current members of the commission, and past members of the commission, were unaware of the requirements as set forth in these particular statutes. Additionally, the members of the commission, current and past, have always conducted the affairs of the District without regard to personal affect, and certainly without any personal benefit, whatsoever, to any commissioner, relative of any commissioner, or any other person, related or unrelated. The well-being of the Kilbourne Volunteer Fire District has always taken precedence in the deliberations and actions of commissioners.

Please accept the following as our explanation and management's corrective action plan:

Failure to adopt a budget in a timely manner.

As a small district without much income to work with, the Kilbourne Volunteer Fire District has always taken great care to operate within our means. We admit that having adopted a budget may have helped in this manner, we were unaware of the legal requirement to do so. In fact, as soon as we became aware of the requirement, the commissioners immediately took action to comply.

Management's corrective action plan

The commissioners have adopted a budget for the year ending June 30, 2004 in the May 5, 2003 meeting. The bookkeeper will prepare a proposed budget for the commission's discussion and approval prior to June 15 for all subsequent years.

Sincerely,

KILBOURNE VOLUNTEER FIRE DISTRICT

by: Renn Morgan

Printed name Renn Morgan