

Financial Report
Terrebonne Parish Fire District No. 4-A
Houma, Louisiana
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 6.9.04

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Terrebonne Parish Fire District No. 4-A

December 31, 2003

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Fire District No. 4-A (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Terrebonne Parish Fire District No. 4-A as of December 31, 2003, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2004 on our consideration of Terrebonne Parish Fire District No. 4-A'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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 18, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 4-A

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 4-A's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$940,983 (net assets), which represents a 1.53% decrease from last fiscal year.

The District's revenue decreased by \$22,325 (or 5.68%) primarily due to a reduction in donations during 2003.

The District's expenditures decreased \$14,323 (or 3.58%) primarily due a decrease in personal services.

The District did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) the optional section that presents other supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present difference views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful

indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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. All of the funds of the District are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. 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 District maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 – 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2003, assets exceeded liabilities by \$940,983. A large portion of the District's net assets (79.60%) reflects its investment in capital assets (e.g., land; buildings; office furniture and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2003	2002	
Current and other assets	\$ 574,621	\$ 548,032	\$ 26,589
Capital assets	749,021	791,185	(42,164)
Total assets	<u>1,323,642</u>	<u>1,339,217</u>	<u>(15,575)</u>
Current and Other Liabilities	382,659	383,666	(1,007)
Total liabilities	<u>382,659</u>	<u>383,666</u>	<u>(1,007)</u>
Net Assets:			
Invested in capital assets, net of related debt	749,021	791,185	(42,164)
Unrestricted	191,962	164,366	27,596
Total net assets	<u>\$ 940,983</u>	<u>\$ 955,551</u>	<u>\$ (14,568)</u>

Governmental Activities

Governmental activities decreased the District's net assets by \$14,568. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
General revenues:				
Property taxes	\$ 330,189	\$ 295,783	\$ 34,406	11.63%
Intergovernmental	31,024	38,601	(7,577)	-19.63%
Miscellaneous	9,638	58,792	(49,154)	-83.61%
Total revenues	<u>370,851</u>	<u>393,176</u>	<u>(22,325)</u>	-5.68%
Expenses:				
General Government	16,394	18,215	(1,821)	-10.00%
Public Safety	369,025	381,527	(12,502)	-3.28%
Total expenses	<u>385,419</u>	<u>399,742</u>	<u>(14,323)</u>	-3.58%
Decrease in net assets	(14,568)	(6,566)	(8,002)	121.87%
Net assets beginning of year	955,551	962,117	(6,566)	-0.68%
Net assets end of year	<u>\$ 940,983</u>	<u>\$ 955,551</u>	<u>\$ (14,568)</u>	-1.52%

The Statement of Activities provided answers to the nature and source of changes in net assets. The districts taxes increased by 11.63% due to the amount of people in coverage area increasing. Intergovernmental revenues went down but the district also did not receive the rural development grant which was received in 2002. Miscellaneous revenues went down by 83.61% because of the land donated in 2002.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund

balances of \$180,213, an increase of \$22,601 in comparison with the prior year. The entire fund balance is unreserved and available for spending at the District's discretion.

General Fund Budgetary Highlights

The budget was not amended during the year.

During the year, revenues were less than budgetary estimates and expenditures were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2003, amounts to \$749,021 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment; and vehicles, machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 80,500	\$ 80,500
Buildings	679,152	679,152
Office furniture and equipment	17,913	17,913
Vehicles, machinery and equipment	<u>664,500</u>	<u>654,676</u>
Totals	<u>\$ 1,442,065</u>	<u>\$ 1,432,241</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of four radios
- Purchase of fire hydrant
- Purchase of lawn mower

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2003 assessment, which the District will receive, for the most part, in January 2004.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District 4-A, 6129 Grand Caillou Rd., Dulac, LA 70353.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 4-A**

December 31, 2003

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	\$ 49,290	\$ -	\$ 49,290
Investments	204,674	-	204,674
Receivables - taxes	22,845	-	22,845
Due from other governmental units	285,958	-	285,958
Prepaid insurance	-	11,749	11,749
Deposits	105	-	105
Capital assets:			
Non-depreciable	-	80,500	80,500
Depreciable, net of accumulated depreciation	-	668,521	668,521
Total assets	\$ 562,872	760,770	1,323,642
Liabilities			
Accounts payables and accrued expenditures	\$ 29,971	-	29,971
Due to other governmental units	2,548	-	2,548
Deferred revenue	350,140	-	350,140
Total liabilities	382,659	-	382,659
Fund Balance/Net Assets			
Fund balance - unreserved	180,213	(180,213)	-
Total liabilities and fund balance	\$ 562,872		
Net assets:			
Invested in capital assets		749,021	749,021
Unrestricted		191,962	191,962
Total net assets		\$ 940,983	\$ 940,983

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Terrebonne Parish Fire District No. 4-A

December 31, 2003

Fund Balance - Governmental Fund		\$ 180,213
 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, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 1,442,065	
Less accumulated depreciation	<u>(693,044)</u>	749,021
 Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		<u>11,749</u>
 Net Assets of Governmental Activities		 <u>\$ 940,983</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2003

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 330,189	\$ -	\$ 330,189
Intergovernmental:			
State of Louisiana:			
State revenue sharing	10,533	-	10,533
Fire insurance tax	15,217	-	15,217
Supplemental pay	5,274	-	5,274
Miscellaneous:			
Interest	4,278	-	4,278
Other	5,360	-	5,360
Total revenues	370,851	-	370,851
Expenditures/Expenses			
Current:			
General Government:			
Ad valorem tax adjustment	1,675		1,675
Ad valorem tax deductions	14,719		14,719
Total general government	16,394		16,394
Public Safety:			
Personal services	206,781	-	206,781
Supplies and materials	28,184	-	28,184
Other services and charges	67,021	(4,995)	62,026
Repairs and maintenance	20,046	-	20,046
Depreciation	-	51,988	51,988
Total public safety	322,032	46,993	369,025
Capital outlay	9,824	(9,824)	-
Total expenditures/expenses	348,250	37,169	385,419
Excess of Revenues Over Expenditures	22,601	(22,601)	-
Change in Net Assets	-	(14,568)	(14,568)
Fund Balance/Net Assets			
Beginning of year	157,612	797,939	955,551
End of year	\$ 180,213	\$ 760,770	\$ 940,983

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund		\$ 22,601
Amounts reported for governmental activities in the statement of activities are different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 9,824	
Depreciation expense	<u>(51,988)</u>	(42,164)
<p style="margin-left: 40px;">Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Prepaid insurance		<u>4,995</u>
Change in Net Assets of Governmental Activities		<u>\$ (14,568)</u>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 333,888	\$ 333,888	\$ 330,189	\$ (3,699)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	14,500	14,500	10,533	(3,967)
Fire insurance tax	11,800	11,800	15,217	3,417
Supplemental pay	14,400	14,400	5,274	(9,126)
Miscellaneous:				
Interest	5,950	5,950	4,278	(1,672)
Other	-	-	5,360	5,360
Total revenues	<u>380,538</u>	<u>380,538</u>	<u>370,851</u>	<u>(9,687)</u>
Expenditures				
Current:				
General Government:				
Ad valorem tax adjustment	1,675	1,675	1,675	-
Ad valorem tax deductions	14,719	14,719	14,719	-
Total general government	<u>16,394</u>	<u>16,394</u>	<u>16,394</u>	<u>-</u>
Public Safety:				
Personal services	248,680	248,680	206,781	41,899
Supplies and materials	23,500	23,500	28,184	(4,684)
Other services and charges	46,600	46,600	67,021	(20,421)
Repairs and maintenance	26,650	26,650	20,046	6,604
Total public safety	<u>345,430</u>	<u>345,430</u>	<u>322,032</u>	<u>23,398</u>
Capital outlay	<u>2,320</u>	<u>2,320</u>	<u>9,824</u>	<u>(7,504)</u>
Total expenditures	<u>364,144</u>	<u>364,144</u>	<u>348,250</u>	<u>15,894</u>
Excess of Revenues Over Expenditures	<u>\$ 16,394</u>	<u>\$ 16,394</u>	<u>\$ 22,601</u>	<u>\$ 6,207</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 4-A**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 4-A (the District) conform to accounting principles generally accepted in the United States of America (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. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2003.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in the year for which they are levied.

Fund Financial Statements:

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 (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The District's definition of available means expected to be received within sixty days of the end of the fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenues) are recorded as revenues in the period for which levied, thus the 2003 property taxes which are being levied to finance the 2004 budget will be recognized as revenue in 2004. The 2003 tax levy is recorded as deferred revenue in the District's 2003 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District did not amend its budget for the year 2003. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the basic financial statements.

f) Accounts Receivable

The financial statements of the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments during the year consisted of investments in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

h) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 – 40 years
Vehicles	5 – 15 years
Machinery and equipment	5 – 25 years
Office furniture and equipment	5 – 20 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Fund.

Full time employees are entitled to eighteen days vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working), if not taken by their anniversary date the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. There is no material accumulated vacation at December 31, 2003.

Every fireman in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A fireman employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness may have occur-

Note 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Vacation and Sick Leave (Continued)

red while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave.

A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. There is no accumulated sick leave for the District at December 31, 2003.

k) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2003 the District had no outstanding borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments"; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2003 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year-end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	<u>\$60,953</u>	<u>\$-</u>	<u>\$-</u>	<u>\$49,290</u>

At December 31, 2003, cash was not in excess of FDIC insurance.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments held at December 31, 2003 consist of \$204,674 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2003 is not categorized in the three risk categories provided by GASB Codification Section 150.125 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 non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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 in accordance with LSA-R.S. 33:2955. 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.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

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. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2001. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was \$9.43 per \$1,000 of assessed valuation on property within Fire District No. 4-A for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1d, taxes levied November 1, 2003 are for budgeted expenditures in 2004 and will be recognized as revenues in 2004.

Note 4 - DUE TO AND FROM OTHER GOVERNMENTAL UNITS

Amounts due to and due from other governmental units at December 31, 2003 consisted of the following:

	<u>Due From</u>	<u>Due To</u>
State of Louisiana:		
State revenue sharing	\$ 7,237	\$ -
Firefighters' Retirement System contributions	-	1,317
Terrebonne Parish Consolidated Government:		
Auto liability insurance premiums	-	1,231
Terrebonne Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:		
Ad valorem taxes	275,278	-
State revenue sharing	3,443	-
Totals	\$ 285,958	\$ 2,548

Note 5 - CHANGES IN FIXED ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	Balance December 31, 2003
Capital Assets not being depreciated:			
Land	\$ 80,500		\$ 80,500
Capital assets being depreciated:			
Buildings	679,152		679,152
Vehicles	522,760		522,760
Machinery and equipment	131,916	\$ 9,824	141,740
Office furniture and equipment	17,913		17,913
Total capital assets being depreciated	<u>1,351,741</u>	<u>9,824</u>	<u>1,361,565</u>
Less accumulated depreciation for:			
Buildings	(154,518)	(17,158)	(171,676)
Vehicles	(405,013)	(23,150)	(428,163)
Machinery and equipment	(66,973)	(11,049)	(78,022)
Office furniture and equipment	(14,552)	(631)	(15,183)
Total accumulated depreciation	<u>(641,056)</u>	<u>(51,988)</u>	<u>(693,044)</u>
Total capital assets being depreciated, net	<u>710,685</u>	<u>(42,164)</u>	<u>668,521</u>
Total capital assets, net	<u>\$ 791,185</u>	<u>\$ (42,164)</u>	<u>\$ 749,021</u>

The adjustments relate to the reclassification of capital assets among the classifications.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2003 consisted of the following:

Protest taxes	\$ 21,261
Salaries and Benefits	4,989
Vendors	<u>3,721</u>
Total	<u>\$ 29,971</u>

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, LA 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. For the year ended December 31, 2003, the rate was 18.25% of annual covered payroll. The contributions requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2003, 2002 and 2001 were \$19,822, \$14,215, and \$7,744, respectively, equal to the required contributions for each year.

Note 8 - SUPPLEMENTAL PAY

In addition to the compensation paid to the District's employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2003, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The

Note 8 - SUPPLEMENTAL PAY (Continued)

period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2003, the District has recognized revenue and expenditures of \$5,274 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for auto liability are paid to the Parish for reimbursement of commercial carrier premiums. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

<u>Policy</u>	<u>Coverage Limits</u>
Workers' Compensation	Statutory

The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2002 was \$8,550,420. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities in excess of the above limits are to be funded first by assets of the Parish's group health internal service fund, \$211,176 at December 31, 2002, then by the entities participating in the group health plan and then finally by the District or the employee for individual claims in excess of \$1,000,000. Coverage for workers' compensation claims in excess of the stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$3,448,479 at December 31, 2002, then secondly by the District. At December 31, 2003, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2003 totaled \$44,027.

Note 10 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2003:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Willie Bonvillain	15	\$ 450
Michael Deroche	13	- *
Louis Pitre	15	- *
Magnus Voisin	15	<u>450</u>
 Total		 <u>\$ 900</u>

* Waived his right to receive a per diem.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Fire District No. 4-A (the District) for the year ended December 31, 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of revenues and expenditures and graphs of revenues and expenditures for the year ended December 31, 2003 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2003, taken as a whole.

We also have previously audited, 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, the balance sheets of Terrebonne Parish Fire District No. 4-A as of December 31, 2002 and 2001, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2002 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the years ended December 31, 2002 and 2001 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 18, 2004.

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SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Fire District No. 4-A**

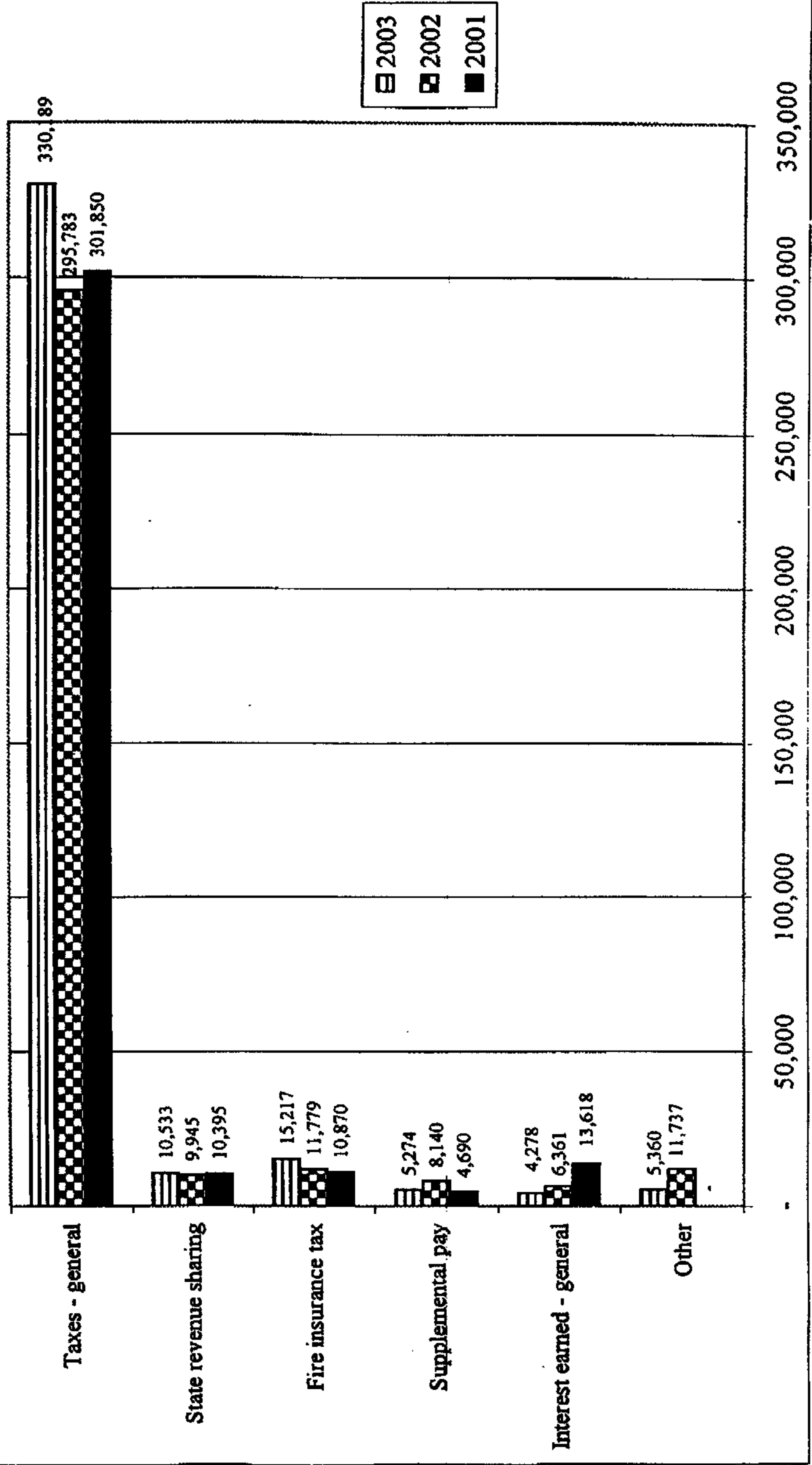
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes - general	\$ 330,189	\$ 295,783	\$ 301,850
State revenue sharing	10,533	9,945	10,395
Fire insurance tax	15,217	11,779	10,870
Supplemental pay	5,274	8,140	4,690
Interest earned - general	4,278	6,361	13,618
Other	5,360	11,737	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 370,851</u>	<u>\$ 343,745</u>	<u>\$ 341,423</u>
Expenditures			
General government - general	16,394	18,215	28,746
Personal services	206,781	218,742	144,294
Supplies and materials	28,184	31,155	35,100
Other services and charges	67,021	61,760	61,259
Repairs and maintenance	20,046	18,557	20,493
Capital outlay	9,824	61,212	19,428
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 348,250</u>	<u>\$ 409,641</u>	<u>\$ 309,320</u>

GOVERNMENTAL FUND REVENUES

Terrebonne Parish Fire District No. 4-A

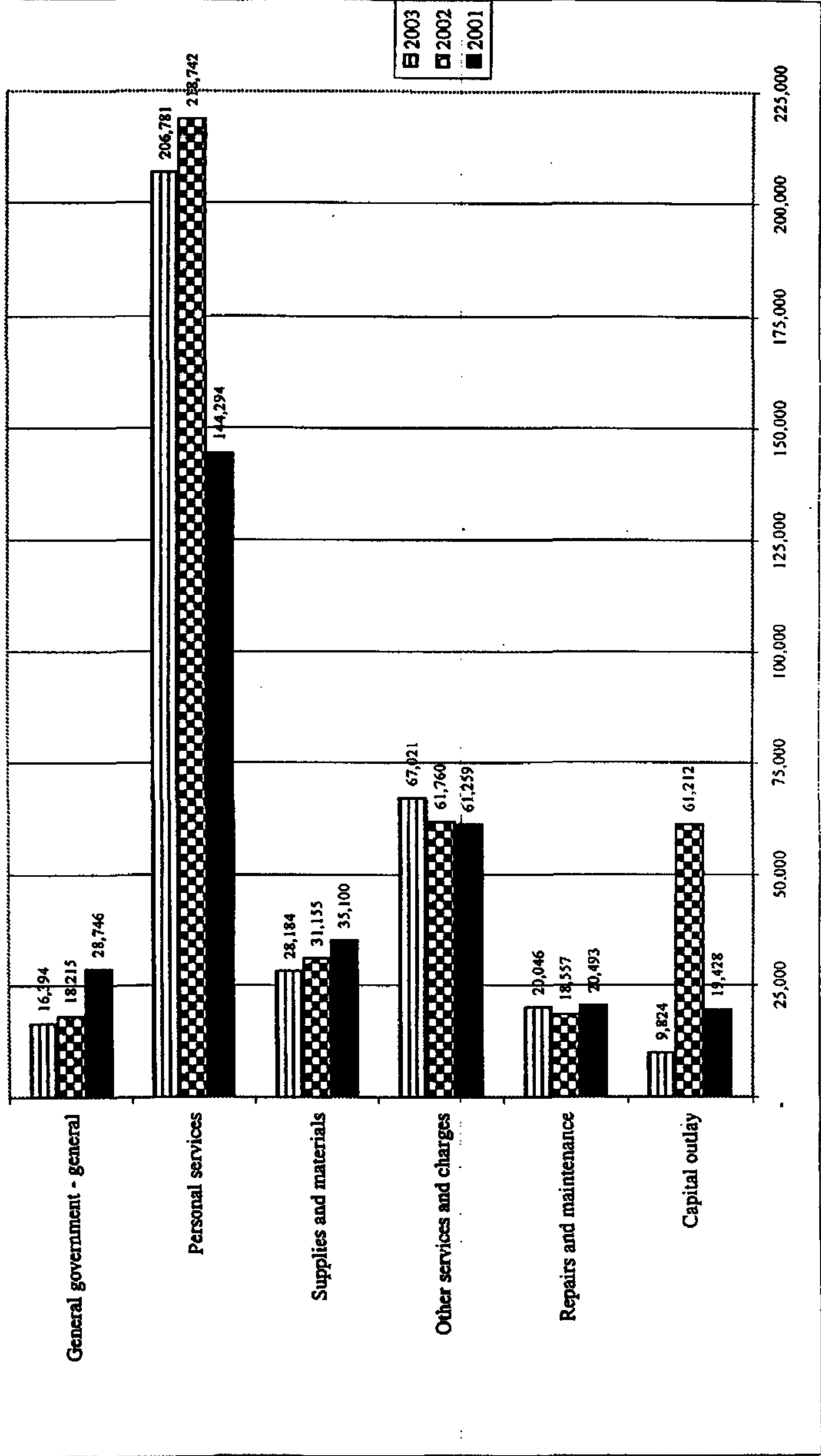
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Fire District No. 4-A

For the years ended December 31, 2003, 2002 and 2001



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Fire District No. 4-A (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated February 18, 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 District's basic 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 District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 18, 2004.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

02-1 **Recommendation** – The Board should be furnished with monthly financial reports which present all revenues and expenditures for the period along with a comparison to the District's adopted budget. The Board should review and approve the financial reports as its monthly meetings, and approval of the financial reports should be indicated in the meeting minutes.

Management's Corrective Action – The Board will be furnished with financial reports, and they will approve those reports as part their minutes. Resolved.

02-2 **Recommendation** – The District should properly document the reason for entering into executive session as part of its official published meeting minutes in accordance with the requirements of state law.

Management's Corrective Action – The District will document the reason for entering executive session in its published meeting minutes. Resolved.

SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2003

Section III Management Letter (Continued)

- 02-3 **Recommendation** – The District should ensure that the public notice regarding the public hearing on the proposed budget should be published at least ten days prior to the date of the first public hearing. The District should also retain documentation of the publication as part of the budget file.

Management's Corrective Action – The District published the public notice regarding the public hearing on the proposed budget at least ten days prior to the date of the hearing. Documentation of the publication is retained as part of the budget file.
Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2003.
No reportable conditions were reported during the audit for the year ended December 31, 2003.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2003.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not receive federal awards during the year ended December 31, 2003.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2003.