

Financial Report
Village East Fire Protection District
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 8-11-04

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Village East Fire Protection District (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, 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 Village East Fire Protection District 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 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.

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2004 on our consideration of the Village East Fire Protection 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 6, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village East Fire Protection District

The Management's Discussion and Analysis of the Village East Fire Protection District (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 \$469,474 (net assets), which represents a 11.92% increase from last fiscal year.

The District's revenue increased \$357 (or 0.34%).

The District's expenditures decreased \$20,021 (or 26.84%) primarily due to a decrease in spending on supplies and materials, and repairs and maintenance.

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 different 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. The governmental activity of the District is fire protection

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 \$469,474. A portion of the District's net assets (4.39%) reflects its investment in capital assets (e.g., 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	\$ 537,387	\$ 477,062	\$ 60,325
Capital assets	20,591	28,962	(8,371)
Total assets	<u>557,978</u>	<u>506,024</u>	<u>51,954</u>
Total liabilities	<u>88,504</u>	<u>86,558</u>	<u>1,946</u>
Net Assets:			
Invested in capital assets, net of related debt	20,591	28,962	(8,371)
Restricted	-	-	-
Unrestricted	448,883	390,504	58,379
Total net assets	<u>\$ 469,474</u>	<u>\$ 419,466</u>	<u>\$ 50,008</u>

The amount of current and other assets increased mainly due to reduction in expenses in 2003. Capital assets decreased due the depreciation expense exceeding the amount of capital assets purchased during the year, which caused assets net of depreciation to decrease.

Governmental Activities

Governmental activities increased the District's net assets by \$50,008. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Taxes	\$ 79,444	\$ 80,649	\$ (1,205)	-1.49%
Intergovernmental:				
State revenue sharing	7,049	7,280	(231)	-3.17%
Fire insurance Tax	12,294	9,102	3,192	35.07%
Miscellaneous - interest	5,790	7,189	(1,399)	-19.46%
Total revenues	<u>104,577</u>	<u>104,220</u>	<u>357</u>	0.34%
Expenses:				
General Government	3,749	3,659	90	2.46%
Public Safety	50,820	70,931	(20,111)	-28.35%
Total expenses	<u>54,569</u>	<u>74,590</u>	<u>(20,021)</u>	-26.84%
Increase in net assets	50,008	29,630	20,378	68.77%
Net assets beginning of year	419,466	389,836	29,630	7.60%
Net assets end of year	<u>\$ 469,474</u>	<u>\$ 419,466</u>	<u>\$ 50,008</u>	11.92%

Within revenues Fire Insurance tax increased due to the population in the service area increasing. Interest revenues decreased due to the market rates decreasing. The main expense change was within public safety which was mainly caused by a deduction in expenses for uniforms, repairs on fire truck pump, and air masks.

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 \$448,883, an increase of \$58,379 in comparison with the prior year. Of this amount, an unreserved balance of \$448,883 is available for spending at the District's discretion.

General Fund Budgetary Highlights

The budget was amended twice during the year. The primary reasons for amending the budget were to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Expenditures

- Other services and charges increased by \$3,325 due to increases in audit fees, other fees and general liability insurance premiums.

During the year, revenues 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 \$20,591 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Vehicles, machinery and equipment	<u>\$ 84,416</u>	<u>\$ 82,917</u>

Major capital asset events during the current fiscal year included purchase of a 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.
- Estimate of operating supplies needed to perform necessary services.
- Estimate plan of equipment needed to be purchased.
- Estimate plan of capital projects required to provide services.
- Estimate for repairs and maintenance needed during the year.

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 Village East Fire District, P.O. Box 10104, Houma, Louisiana 70363.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Village East Fire Protection District

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Investments	\$ 466,458	\$ -	\$ 466,458
Receivables - taxes	8,221	-	8,221
Due from other governmental units	62,629	-	62,629
Due from Terrebonne Parish Consolidated Government	79	-	79
Capital assets - Depreciable, net of accumulated depreciation	<u>-</u>	<u>20,591</u>	<u>20,591</u>
Total assets	<u>\$ 537,387</u>	<u>20,591</u>	<u>557,978</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 708		\$ 708
Due to other governmental units	4,771		4,771
Deferred revenue	<u>83,025</u>		<u>83,025</u>
Total liabilities	<u>88,504</u>		<u>88,504</u>
Fund Balance/Net Assets			
Fund balance - unreserved	<u>448,883</u>	<u>\$ (448,883)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 537,387</u>		
Net assets:			
Invested in capital assets		20,591	20,591
Unrestricted		<u>448,883</u>	<u>448,883</u>
Total net assets		<u>\$ 469,474</u>	<u>\$ 469,474</u>

See notes to financial statements.

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

Village East Fire Protection District

December 31, 2003

Fund Balance - Governmental Fund		\$ 448,883
 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	\$ 84,416	
Less accumulated depreciation	<u>(63,825)</u>	<u>20,591</u>
 Net Assets of Governmental Activities		 <u>\$ 469,474</u>

See notes to financial statements.

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

Village East Fire Protection District

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 79,444		\$ 79,444
Intergovernmental:			
State of Louisiana:			
State revenue sharing	7,049		7,049
Fire insurance tax	12,294		12,294
Miscellaneous - interest	5,790		5,790
Total revenues	<u>104,577</u>		<u>104,577</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	179		179
Ad valorem tax deductions	3,570		3,570
Total general government	<u>3,749</u>		<u>3,749</u>
Public safety:			
Supplies and materials	6,902	\$ -	6,902
Other services and charges	28,802	-	28,802
Repairs and maintenance	5,246	-	5,246
Depreciation	-	9,870	9,870
Total public safety	<u>40,950</u>	<u>9,870</u>	<u>50,820</u>
Capital outlay	<u>1,499</u>	<u>(1,499)</u>	<u>-</u>
Total expenditures/expenses	<u>46,198</u>	<u>8,371</u>	<u>54,569</u>
Excess of Revenues Over Expenditures	58,379	(58,379)	-
Change in Net Assets	-	50,008	50,008
Fund Balance/Net Assets			
Beginning of year	<u>390,504</u>	<u>28,962</u>	<u>419,466</u>
End of year	<u>\$ 448,883</u>	<u>\$ 20,591</u>	<u>\$ 469,474</u>

See notes to financial statements.

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

Village East Fire Protection District

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund		\$ 58,379
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital outlay	\$ 1,499	
Depreciation expense	<u>(9,870)</u>	
Excess of capital outlay over depreciation expense		<u>(8,371)</u>
Change in Net Assets of Governmental Activities		<u>\$ 50,008</u>

See notes to financial statements.

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

Village East Fire Protection District

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 80,572	\$ 80,572	\$ 79,444	\$ (1,128)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	7,280	7,280	7,049	(231)
Fire insurance tax	8,000	8,000	12,294	4,294
Miscellaneous - interest	11,750	11,750	5,790	(5,960)
Total revenues	107,602	107,602	104,577	(3,025)
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	1,280	1,280	179	1,101
Ad valorem tax deductions	5,067	5,067	3,570	1,497
Total general government	6,347	6,347	3,749	2,598
Public safety:				
Supplies and materials	16,000	16,000	6,902	9,098
Other services and charges	24,300	27,625	28,802	(1,177)
Repairs and maintenance	30,000	30,000	5,246	24,754
Total public safety	70,300	73,625	40,950	32,675
Capital outlay	182,942	182,942	1,499	181,443
Total expenditures	259,589	262,914	46,198	216,716
Excess (Deficiency) of Revenues Over Expenditures	(151,987)	(155,312)	58,379	213,691
Fund Balance				
Beginning of year	390,504	390,504	390,504	-
End of year	\$ 238,517	\$ 235,192	\$ 448,883	\$ 213,691

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Village East Fire Protection District**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village East Fire Protection District (the District) conform to accounting principles generally accepted in the United States of America 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 non-exchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

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 entity. The operations of the fund is 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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.

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 year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue 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 Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amend-

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (continued)

ment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget twice during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

f) Accounts Receivable

The financial statements for 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 are stated at fair value as established by open market, except for 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.

Investments during the year consisted of Certificates of Deposit, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Agricultural Mortgage Corporation Discount Notes and LAMP.

h) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (continued)

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 donated capital assets which are recorded at their estimated fair value at the date 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:

Machinery and equipment	5 – 15 years
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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.

i) 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, if any. At December 31, 2003 the District had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fund Equity (continued)

- 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, net of related debt.”

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

District monies are held in a cash and investment pool maintained by the Parish and is available for use by all funds. The District’s portion of this pool is displayed on the Statement of Net Assets and Governmental Fund Balance Sheet as “cash” and “investments”.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank deposits:

State law requires deposits (cash and certificates of deposit) 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

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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.

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	
Investments:				
Certificates of deposit	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 44,276</u>	<u>\$ 344,276</u>

As previously mentioned, funds are held and invested by the Parish. The Parish has proper pledging to cover funds for the District. At December 31, 2003, certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the Parish. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

At year-end the investment balances are as follows:

	<u>Risk Category</u>			<u>Reported Amount/ Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investment subject to categorization:				
Federal Home Loan Bank Notes	\$ 25,116	\$ -	\$ -	\$ 25,116
Federal Home Loan Mortgage Corporation Notes	50,230	-	-	50,230
Federal National Mortgage Association Notes	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Totals	<u>\$ 75,353</u>	<u>\$ -</u>	<u>\$ -</u>	75,353
Investments not subject to categorization:				
Louisiana Asset Manage- ment Pool (LAMP)				<u>46,829</u>
Total investments				<u>\$122,182</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments held at December 31, 2003 consist of \$46,829 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 2 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet for the District is as follows:

Reported amount of deposits	\$344,276
Reported amount of investments	<u>122,182</u>
Total	<u>\$466,458</u>
Cash	\$ -
Investments	<u>466,458</u>
Total	<u>\$466,458</u>

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, 2000. 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 \$7.00 per \$1,000 of assessed valuation on property within Village East Fire Protection District for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for the fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2003 are for budgeted expenditures in 2004 and will be recognized as revenues in 2004.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana - State revenue sharing	\$ 4,125
Terrebonne Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:	
Ad valorem taxes	56,441
State revenue sharing	<u>2,063</u>
Total	<u>\$62,629</u>

Note 5 - CHANGES IN CAPITAL 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 being depreciated:			
Machinery and equipment	\$ 82,917	\$ 1,499	\$ 84,416
Less accumulated depreciation for:			
Machinery and equipment	<u>(53,955)</u>	<u>(9,870)</u>	<u>(63,825)</u>
Total capital assets, net	<u>\$ 28,962</u>	<u>\$ (8,371)</u>	<u>\$ 20,591</u>

There are numerous assets, vehicles and equipment, used by the District which were purchased by a not-for-profit volunteer fire company. These assets remain in the name of the volunteer fire company and accordingly are not included in the Capital Assets of the District.

Note 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 7 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2003.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Village East Fire Protection District (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 governmental fund revenues and expenditures and graphs of governmental fund 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 governmental fund balance sheets of Village East Protection District 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,
May 6, 2004.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES

Village East Fire Protection District

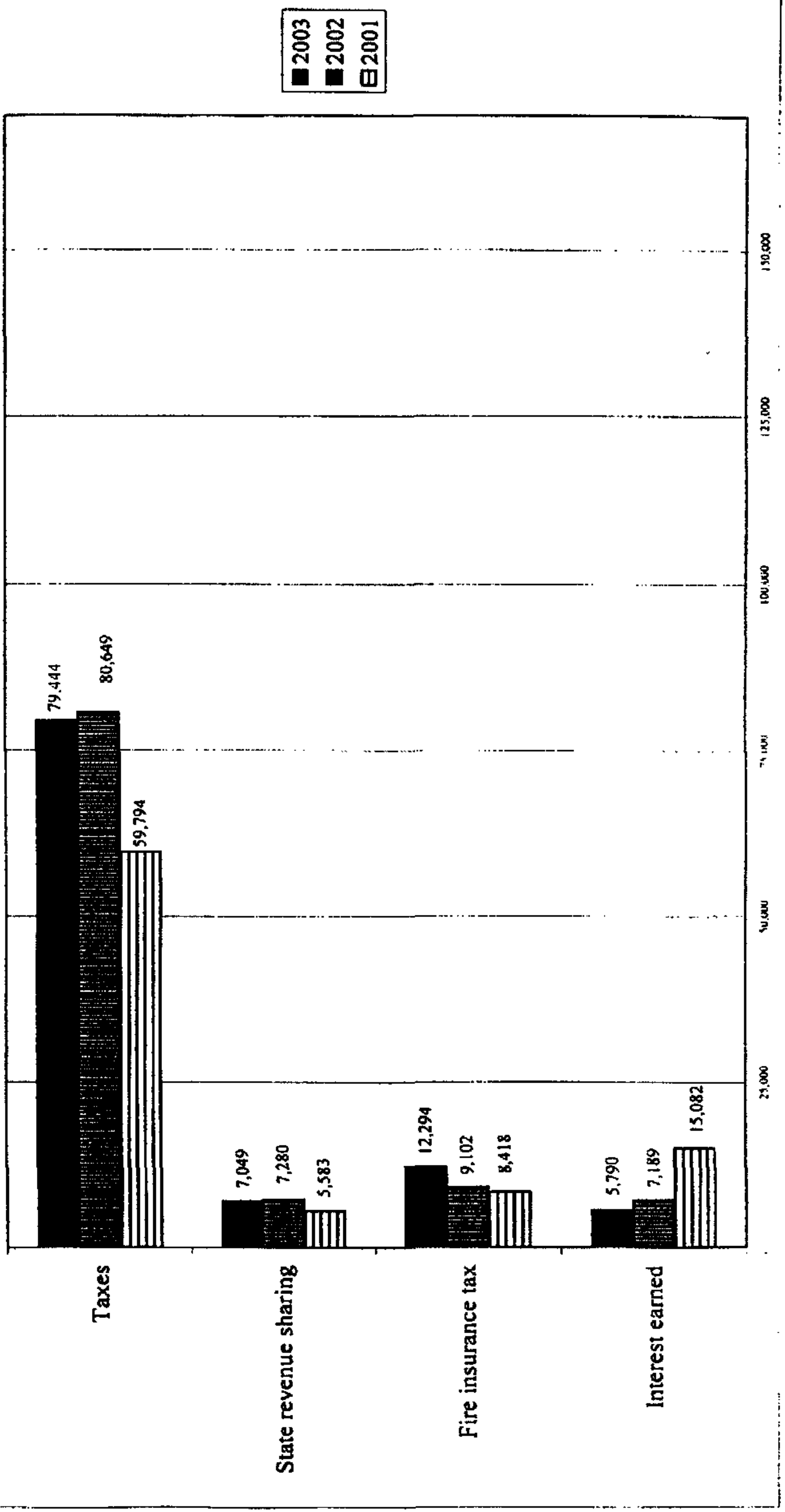
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 79,444	\$ 80,649	\$ 59,794
State revenue sharing	7,049	7,280	5,583
Fire insurance tax	12,294	9,102	8,418
Interest earned	<u>5,790</u>	<u>7,189</u>	<u>15,082</u>
Total revenues	<u><u>\$ 104,577</u></u>	<u><u>\$ 104,220</u></u>	<u><u>\$ 88,877</u></u>
Expenditures			
General government	\$ 3,749	\$ 3,659	\$ 5,326
Supplies and materials	6,902	16,384	3,343
Other services and charges	28,802	29,923	22,515
Repairs and maintenance	5,246	15,598	10,176
Capital outlay	<u>1,499</u>	<u>11,226</u>	<u>2,353</u>
Total expenditures	<u><u>\$ 46,198</u></u>	<u><u>\$ 76,790</u></u>	<u><u>\$ 43,713</u></u>

GOVERNMENTAL FUND REVENUES

Village East Fire Protection District

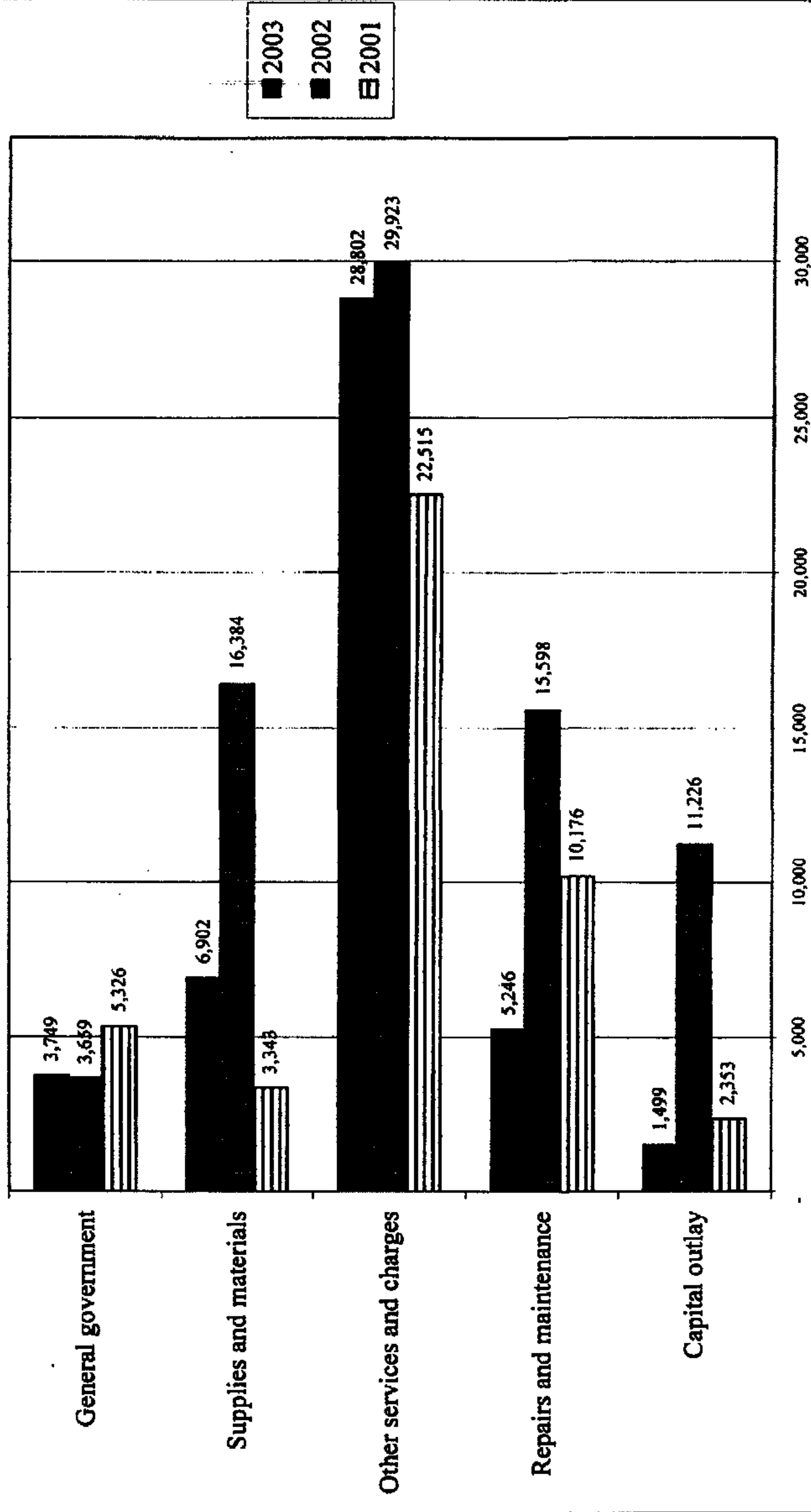
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Village East Fire Protection District

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,
Village East Fire Protection District,
Houma, Louisiana.

We have audited the basic financial statements of Village East Fire Protection District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 6, 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 of 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,
May 6, 2004.

SCHEDULE OF FINDINGS

Village East Fire Protection District

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Village East Fire Protection District did not receive federal awards during the year ended December 31, 2003.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2003.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Village East Fire Protection District

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

Village East Fire Protection District did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Village East Fire Protection District

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 year ended December 31, 2003.

Section II Internal Control and Compliance Material to Federal Awards

Village East Fire Protection District 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.