

Financial Report

Terrebonne Parish Fire District No. 10

Theriot, 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,
Terrebonne Parish Fire District No. 10,
Theriot, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements 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 and each major fund of Terrebonne Parish Fire District No. 10 as of December 31, 2003, and the respective changes in financial position thereof and the budgetary comparison for the General Fund 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.

In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2004 on our consideration of Terrebonne Parish Fire District No. 10'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,
April 26, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 10

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 10'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 \$751,549 (net assets), which represents a 44.71 % increase from last fiscal year.

The District's revenue increased \$179,799 (or 35.16 %) primarily due to an increase in the amount of taxes levied by the debt service fund.

The District's expenditures increased \$47,852 (or 11.64 %) primarily due to the hiring of additional employees during the year 2002 and repairs and maintenance increased due to the additional truck repairs made.

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 three individual governmental funds. 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 and Special Revenue 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 \$751,549. A large portion of the District's net assets (54.56 %) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures 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	\$ 1,039,741	\$ 1,037,197	\$ 2,544
Capital assets	1,058,841	955,277	103,564
Total assets	<u>2,098,582</u>	<u>1,992,474</u>	<u>106,108</u>
Current and other liabilities	732,033	813,120	(81,087)
Long-term liabilities	615,000	660,000	(45,000)
Total liabilities	<u>1,347,033</u>	<u>1,473,120</u>	<u>(126,087)</u>
Net Assets:			
Invested in capital assets, net of related debt	410,062	338,067	71,995
Restricted	256,630	107,035	149,595
Unrestricted	84,857	74,252	10,605
Total net assets	<u>\$ 751,549</u>	<u>\$ 519,354</u>	<u>\$ 232,195</u>

The change in current and other assets is due to the decrease in the amount of taxes receivable. The large change in capital assets was due to the purchase of a new fire truck. The decrease in current and other liabilities is due to the payment of bonds payable, no new bonds were issued during the year.

Governmental Activities

Governmental activities increased the District's net assets by \$232,195. 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:				
Taxes	\$ 646,572	\$ 457,936	\$ 188,636	41.19%
Intergovernmental	35,195	42,746	(7,551)	-17.66%
Miscellaneous	9,421	10,707	(1,286)	-12.01%
Total revenues	<u>691,188</u>	<u>511,389</u>	<u>179,799</u>	<u>35.16%</u>
Expenses:				
General Government	39,521	30,137	9,384	31.14%
Public Safety	381,990	341,081	40,909	11.99%
Debt Service	37,482	39,923	(2,441)	-6.11%
Total expenses	<u>458,993</u>	<u>411,141</u>	<u>47,852</u>	<u>11.64%</u>
Increase in net assets	232,195	100,248	131,947	131.62%
Net assets beginning of year	519,354	419,106	100,248	23.92%
Net assets end of year	<u>\$ 751,549</u>	<u>\$ 519,354</u>	<u>\$ 232,195</u>	<u>44.71%</u>

The amount of tax revenue increased because of the millage rate increasing for the bond fund. Intergovernmental revenues decreased because there was a rural development grant that was received in 2002, but not in 2003. The general government expense increased because the Ad Valorem tax deduction increased in 2003, public safety increased because there were more employees during 2003 and there was a large amount of truck repiars.

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 \$353,037, an increase of \$84,781 in comparison with the prior year. An unreserved fund balance of \$68,830 is available for spending at the District's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to purchase of vehicles.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$68,557, while total fund balance reached \$84,857. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$10,605 during the current fiscal year. The key factor of this increase was largely due to the increase in tax assessments.

The Debt Service Fund has a total fund balance of \$267,907. The increase in fund balance of \$192,200 was due to the increase in taxes levied.

The Capital Projects Fund has a total fund balance of \$273. The decrease in fund balance of \$118,025 was due to capital expenditures in 2003.

General Fund Budgetary Highlights

The budget was amended one time 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:

Revenues

- Increase in the amount of taxes by \$94,600 to better reflect the amount of taxes that were levied

Expenditures

- Personal services was increased by \$25,000 due to a raise given to employees and a rise in the cost of medical insurance.
- Repairs and maintenance increased by approximately \$20,000 due to more vehicle repairs done than expected.

During the year, revenues and expenditures exceeded 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 \$1,058,841 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, fixtures and equipment; and trucks, machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 22,000	\$ 22,000
Buildings	749,703	692,673
Office furniture, fixtures and equipment	10,342	10,342
Trucks, machinery and equipment	<u>871,393</u>	<u>750,996</u>
Totals	<u>\$ 1,653,438</u>	<u>\$ 1,476,011</u>

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

- Remodeling project on kitchen.
- Purchase of new fire truck.

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

Long-term Debt

At December 31, 2003, the District had \$660,000 in long-term debt outstanding down from \$705,000 for a decrease of \$45,000, which was the amount of 2003 principal payments on out-

standing debt. More detailed information about the District's long-term debt is presented in Note 8, 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.
- Detail plan of capital projects required to provide services.

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 No. 10, 1038 Falgout Canal Road, Theriot, Louisiana 70363.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 10**

December 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets						
Cash	\$ 71,344	\$ 91,827	\$ 273	\$ 163,444	\$ -	\$ 163,444
Investments	100,000	200,000	-	300,000	-	300,000
Receivables - taxes	16,054	5,351	-	21,405	-	21,405
Due from other governmental units	398,546	128,825	-	527,371	-	527,371
Due from other funds	-	11,288	-	11,288	(11,288)	-
Prepaid insurance	16,300	-	-	16,300	-	16,300
Deferred bond issuance costs	-	-	-	-	11,221	11,221
Capital assets:						
Non-depreciable	-	-	-	-	22,000	22,000
Depreciable, net of accumulated depreciation	-	-	-	-	1,036,841	1,036,841
Total assets	\$ 602,244	\$ 437,291	\$ 273	\$ 1,039,808	1,058,774	2,098,582
Liabilities						
Accounts payables and accrued expenditures	\$ 64,461	\$ 26,263	-	\$ 90,724	11,550	102,274
Due to Terrebonne Parish Consolidated Government	204	-	-	204	-	204
Due to other funds	11,288	-	-	11,288	(11,288)	-
Deferred revenue	441,434	143,121	-	584,555	-	584,555
Long-term liabilities -						
Due within one year	-	-	-	-	45,000	45,000
Due after one year	-	-	-	-	615,000	615,000
Total liabilities	517,387	169,384	-	686,771	660,262	1,347,033
Fund Balances/Net Assets						
Fund balances:						
Reserved:						
Debt service	-	267,907	-	267,907	(267,907)	-
Prepaid insurance	16,300	-	-	16,300	(16,300)	-
Unreserved - undesignated	68,557	-	273	68,830	(68,830)	-
Total fund balances	84,857	267,907	273	353,037	(353,037)	-
Total liabilities and fund balances	\$ 602,244	\$ 437,291	\$ 273	\$ 1,039,808		
Net assets:						
Invested in capital assets, net of related debt					410,062	410,062
Restricted:						
Debt service					256,357	256,357
Capital projects					273	273
Unrestricted					84,857	84,857
Total net assets					\$ 751,549	\$ 751,549

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

December 31, 2003

Fund Balances - Governmental Fund		\$ 353,037
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	\$ 1,653,438	
Less accumulated depreciation	<u>(594,597)</u>	1,058,841
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Deferred bond issuance costs	13,160	
Less current year amortization	<u>(1,939)</u>	11,221
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(660,000)	
Accrued interest payable	<u>(11,550)</u>	<u>(671,550)</u>
Net Assets of Governmental Activities		<u>\$ 751,549</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. 10

For the year ended December 31, 2003

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes	\$ 357,097	\$ 289,475	\$ -	\$ 646,572		\$ 646,572
Intergovernmental:						
State of Louisiana:						
State revenue sharing	11,884	-	-	11,884		11,884
Fire insurance tax	9,303	-	-	9,303		9,303
State disaster reimbursement	5,178	-	-	5,178		5,178
Supplemental pay	3,600	-	-	3,600		3,600
Federal:						
FEMA Grant	5,230	-	-	5,230		5,230
Miscellaneous:						
Interest	3,101	1,669	166	4,936		4,936
Other	4,485	-	-	4,485		4,485
Total revenues	399,878	291,144	166	691,188		691,188
Expenditures/Expenses						
Current						
General Government:						
Ad valorem tax adjustment	5,710	4,653		10,363		10,363
Ad valorem tax deductions	16,199	12,959		29,158		29,158
Total general government	21,909	17,612		39,521		39,521
Public Safety:						
Personal services	202,974			202,974	\$ -	202,974
Supplies and materials	7,759			7,759	-	7,759
Other services and charges	49,487			49,487	-	49,487
Repairs and maintenance	47,907			47,907	-	47,907
Depreciation	-			-	73,863	73,863
Total public safety	308,127			308,127	73,863	381,990
Debt Service						
Principal retirement		45,000		45,000	(45,000)	-
Interest and fiscal charges		36,332		36,332	1,150	37,482
Total debt service		81,332		81,332	(43,850)	37,482
Capital Outlay	59,237	-	118,190	177,427	(177,427)	-
Total expenditures/expenses	389,273	98,944	118,190	606,407	(147,414)	458,993
Excess (Deficiency) of Revenues Over Expenditures	10,605	192,200	(118,024)	84,781	(84,781)	-
Change in Net Assets	-	-	-	-	232,195	232,195
Fund Balance/Net Assets						
Beginning of year	74,252	75,707	118,297	268,256	251,098	519,354
End of year	\$ 84,857	\$ 267,907	\$ 273	\$ 353,037	\$ 398,512	\$ 751,549

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. 10

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund **\$ 84,781**

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	\$ 177,427	
Depreciation expense	<u>(73,863)</u>	103,564

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		45,000
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Some expenditures 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.

Amortization of deferred bond issuance costs	(1,939)	
Decrease in accrued interest payable	<u>789</u>	<u>(1,150)</u>

Change in Net Assets of Governmental Activities **\$ 232,195**

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. 10

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 250,000	\$ 366,509	\$ 357,097	\$ (9,412)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	11,800	11,900	11,884	(16)
Fire insurance tax	10,000	9,300	9,303	3
State disaster reimbursement	-	5,350	5,178	(172)
Supplemental pay	-	-	3,600	3,600
Federal:				
FEMA Grant	-	5,350	5,230	(120)
Miscellaneous:				
Interest	2,000	3,000	3,101	101
Other	-	4,000	4,485	485
Total revenues	273,800	405,409	399,878	(5,531)
Expenditures				
Current				
General Government:				
Ad valorem tax adjustment	-	5,710	5,710	-
Ad valorem tax deductions	-	16,199	16,199	-
Total general government	-	21,909.00	21,909	-
Public Safety:				
Personal services	174,300	199,600	202,974	(3,374)
Supplies and materials	2,800	3,100	7,759	(4,659)
Other services and charges	47,820	50,420	49,487	933
Repairs and maintenance	35,000	55,500	47,907	7,593
Total public safety	259,920	308,620	308,127	493
Capital Outlay	-	58,700	59,237	(537)
Total expenditures	259,920	389,229	389,273	(44)
Excess of Revenues Over Expenditures	13,880	16,180	10,605	(5,575)
Fund Balance/Net Assets				
Beginning of year	88,217	78,000	74,252	(3,748)
End of year	\$ 102,097	\$ 94,180	\$ 84,857	\$ (9,323)

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Fire District No. 10

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 10 (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 (individual major funds).

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.

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. Emphasis is now on the major funds in governmental categories.

The daily accounts and operations of the District continue to be organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise their assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the Governmental Funds 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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is report as a major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction and renovation of major capital facilities and is reported as a major 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

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.

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 recorded 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 or an intermediary collecting agency because they are generally not measurable or available until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment 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 one time during the year. All budgeted amounts that 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 States of America and is included in the budget presentation 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 consist of certificates of deposit that are stated at cost and approximate market value.

h) Prepaid Insurance

The District has chosen to record prepaid insurance in its governmental fund.

i) Deferred Bond Issuance Costs

The District has recorded deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) 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 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 and improvements	15- 40 years
Trucks	5 - 15 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures and equipment	5 - 12 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.

k) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Long-Term Debt (continued)

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

l) Vacation and Sick Leave

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

Employees of the District can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carryforward provisions.

Employees of the District earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Accumulated sick leave is not due to the employee at the time of termination or death.

There is no material accumulated vacation at December 31, 2003.

m) Fund Equity

Government-wide Statements:

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

- a. Invested in capital assets, net of related debt – 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) 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.

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*.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Note 2 - DEPOSITS

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 at domestic corporation.

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 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.

Note 2 - DEPOSITS (Continued)

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	\$171,963	\$ -	\$39,701	\$163,444
Investments:				
Certificates of deposit	<u>200,000</u>	<u>-</u>	<u>100,000</u>	<u>300,000</u>
Totals	<u>\$371,963</u>	<u>\$-</u>	<u>\$139,701</u>	<u>\$463,444</u>

At December 31, 2003, cash and certificates of deposit in excess of the FDIC insurance were collateralized with securities held by an unaffiliated bank in the account of the District. 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 of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

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

Note 3 - PROPERTY TAXES (Continued)

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 \$15.00 per \$1,000 of assessed valuation on property within Fire District No. 10 for the purpose of maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes including charges for fire hydrant rentals and service and \$5.00 per \$1,000 of assessed valuation for the payment of principal and interest. 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:

	General Fund	Debt Service Fund
State of Louisiana:		
State revenue sharing	\$ 8,047	\$ -
Terrebonne Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:		
Ad valorem taxes	386,475	128,825
State revenue sharing	4,024	-
Totals	\$ 398,546	\$ 128,825

Note 5 - CHANGES IN FIXED ASSETS

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

	Balance January 1, 2003	Additions	Adjustments	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Capital assets being depreciated:				
Buildings and improvements	692,673	57,030		749,703
Trucks	582,839	113,530		696,369
Machinery and equipment	168,157	6,867		175,024
Office furniture, fixtures and equipment	10,342			10,342
Total capital assets being depreciated	1,454,011	177,427	-	1,631,438
Less accumulated depreciation for:				
Buildings and improvements	(212,019)	(19,263)		(231,282)
Trucks	(239,613)	(37,838)		(277,451)
Machinery and equipment	(61,567)	(16,170)		(77,737)
Office furniture, fixtures and equipment	(7,535)	(592)		(8,127)
Total accumulated depreciation	(520,734)	(73,863)	-	(594,597)
Total capital assets being depreciated, net	933,277	103,564	-	1,036,841
Total capital assets, net	\$ 955,277	\$ 103,564	\$ -	\$ 1,058,841

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	General Fund	Debt Service Fund	Total
Governmental activities:			
Protest taxes	\$ 61,770	\$ 26,263	\$ 88,033
Vendors	2,691	-	2,691
Total governmental activities	64,461	26,263	90,724
Accrued interest on long-term debt	-	11,550	11,550
Totals	\$ 64,461	\$ 37,813	\$ 102,274

Note 7 - DUE TO/FROM OTHER FUNDS

Due to/from other funds are listed by fund for the year ended December 31, 2003:

	Receivable Fund	Payable Fund
General Fund	\$ -	\$ 11,288
Debt Service Fund	11,228	-
Totals	\$ 11,228	\$ 11,288

The balances above resulted from the revenues from Ad Valorem taxes not being deposited from the General Fund into the Debt Service Fund in a timely manner.

Note 8 - LONG-TERM DEBT

At December 31, 2003, the District had outstanding general obligation bonds (series 1999) totaling \$660,000 bearing interest of 5.25% which are repayable through March 1, 2014 primarily from ad valorem tax revenues.

Note 8 - LONG-TERM DEBT (Continued)

The following is a summary of the bond transactions of the District for the year ended December 31, 2003:

Bonds payable at January 1, 2003	\$705,000
Bonds retired	<u>(45,000)</u>
 Bonds payable at December 31, 2003	 <u>\$660,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2003 are as follows:

Year	Principal	Interest	Total
2004	\$ 45,000	\$ 33,469	\$ 78,469
2005	50,000	30,975	80,975
2006	50,000	28,350	78,350
2007	55,000	25,594	80,594
2008	55,000	22,706	77,706
2009-2013	330,000	64,313	394,313
2014	<u>75,000</u>	<u>1,969</u>	<u>76,969</u>
 Totals	 <u>\$ 660,000</u>	 <u>\$ 207,376</u>	 <u>\$ 867,376</u>

Note 9 - 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 of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Note 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Plan members are required to contribute 8% of their annual covered payroll and the District is required to contribute at an actuarially determined rate. For the year ended December 31, 2003 the rate the district contributed fluctuated from 9% to 21%. The contribution 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 \$18,909, \$9,501, and \$6,161, respectively, equal to the required contributions for each year.

Note 10 - SUPPLEMENTAL PAY

In addition to the compensation paid by Terrebonne Parish Fire District No. 10, employees who are 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 district 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 fire districts 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 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 \$3,600 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - 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 partici-

Note 11 - RISK MANAGEMENT (Continued)

pates in the Parish's risk management program for group insurance. No settlements were made during the year that exceeded the District's insurance coverage.

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 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 are to be funded first by assets of the Parish's group health internal service fund, \$211,176 at December 31, 2002, then secondly by the District and finally by the employee for individual claims in excess of \$1,000,000. At December 31, 2003 the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2003 totaled \$38,895.

Note 12 - 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>
Avery Hebert	11	\$ 330
Terry Hebert	12	360
Shirley Liner	12	360
Burt Poiencot	12	360
Keith Poiencot	10	<u>300</u>
Total		<u>\$1,710</u>

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10,
Theriot, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Fire District No. 10 (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 basic 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 Terrebonne Parish Fire District No. 10 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 financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 26, 2004.

SCHEDULE OF GOVERNMENTAL FUND
REVENUES AND EXPENDITURES - GENERAL FUND

Terrebonne Parish Fire Protection District No. 10

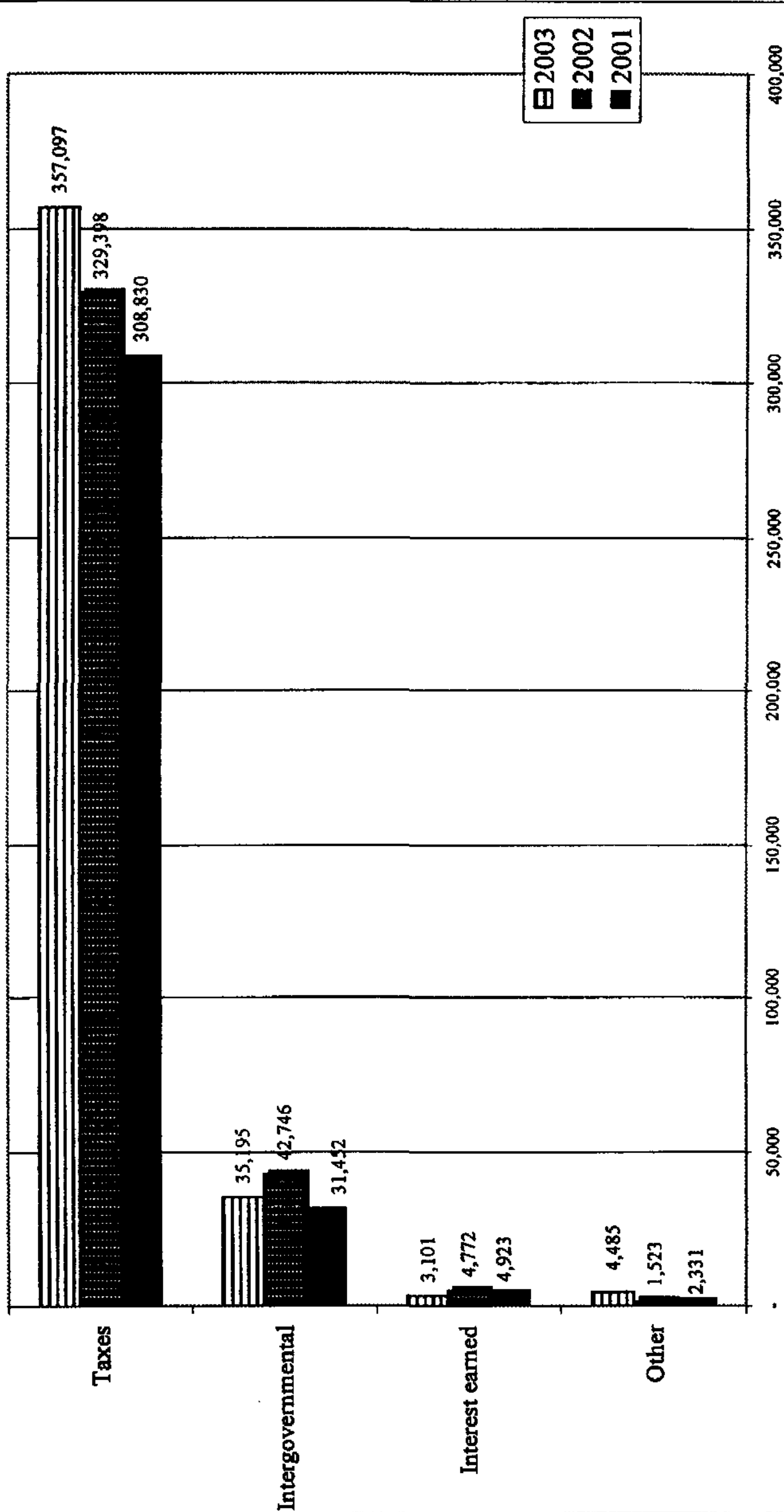
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 357,097	\$ 329,398	\$ 308,830
Intergovernmental	35,195	42,746	31,452
Interest earned	3,101	4,772	4,923
Other	4,485	1,523	2,331
	<u>4,485</u>	<u>1,523</u>	<u>2,331</u>
Total revenues	<u>\$ 399,878</u>	<u>\$ 378,439</u>	<u>\$ 347,536</u>
 Expenditures			
General government	\$ 21,909	\$ 21,304	\$ 77,822
Personal services	202,974	171,118	169,405
Supplies and materials	7,759	22,649	26,871
Other services and charges	49,487	46,441	46,994
Repairs and maintenance	47,907	34,470	37,109
Capital outlay	59,237	22,012	23,939
	<u>59,237</u>	<u>22,012</u>	<u>23,939</u>
Total expenditures	<u>\$ 389,273</u>	<u>\$ 317,994</u>	<u>\$ 382,140</u>

GOVERNMENTAL FUND REVENUES - GENERAL FUND

Terrebonne Parish Fire District No. 10

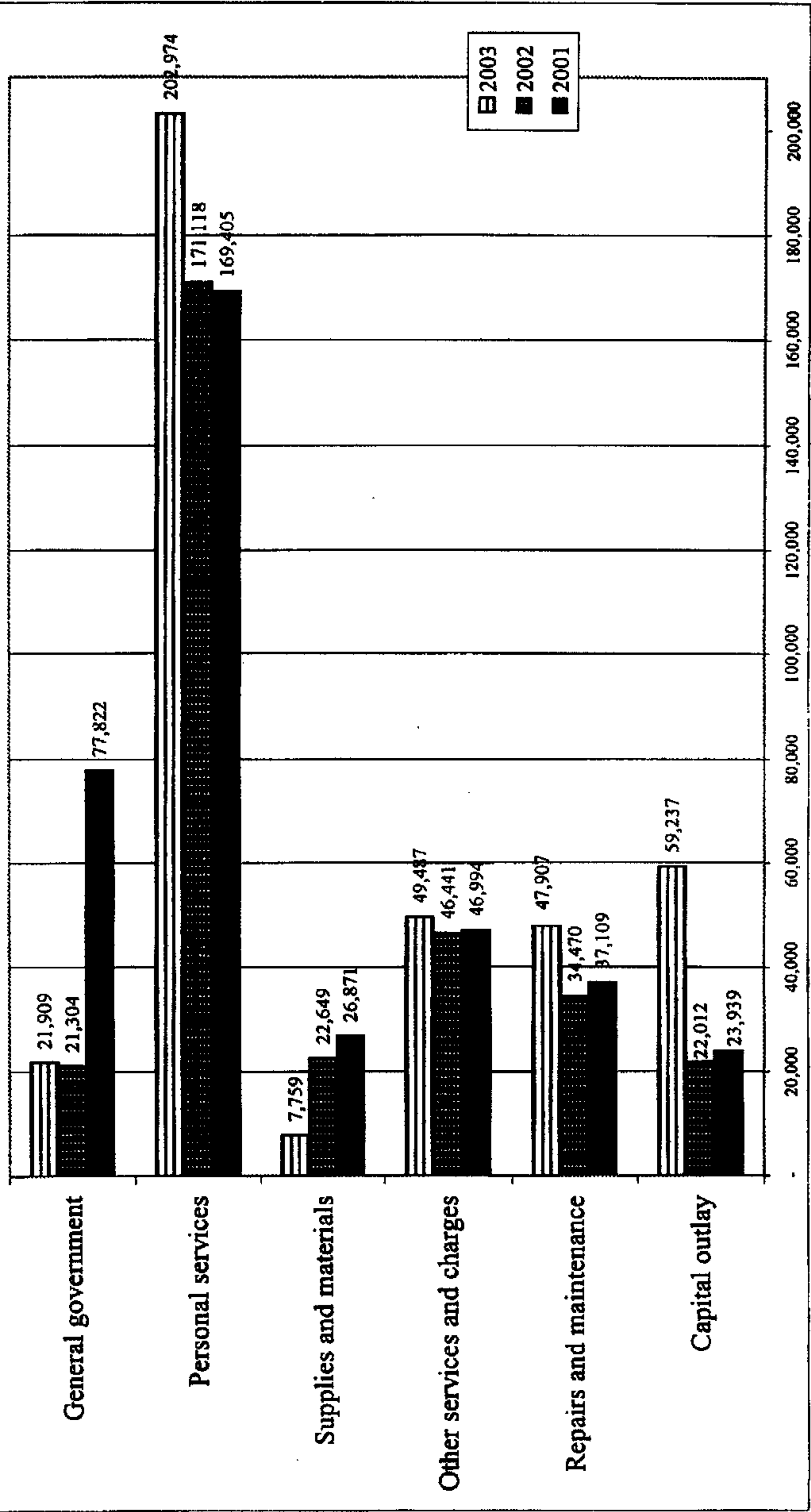
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES - GENERAL FUND

Terrebonne Parish Fire District No. 10

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 GENERAL-
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10
Theriot, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Fire District No. 10 (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 April 26, 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 is 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,
April 26, 2004.

SCHEDULE OF FINDINGS

Terrebonne Parish Fire District No. 10

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

Terrebonne Parish Fire District No. 10 did not receive federal awards in excess of \$300,000 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

Terrebonne Parish Fire District No. 10

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 year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 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

Terrebonne Parish Fire District No. 10

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

Terrebonne Parish Fire District No. 10 did not receive federal awards in excess of \$300,000 during the year ended December 31, 2003 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

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