

***BAYOU BLUE FIRE PROTECTION DISTRICT***  
***Of the Parishes of Terrebonne and Lafourche***  
***State of Louisiana***  
***ANNUAL FINANCIAL REPORT***  
***FOR THE YEAR ENDED 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 8-4-04



STAGNI & COMPANY, LLC

**BA YOU BLUE FIRE PROTECTION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
*As of and for the Year Ended December 31, 2003*

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**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

***FINANCIAL HIGHLIGHTS***

Our financial statements provide these insights into the results of this year's operations:

- The net assets remained virtually unchanged as a result of this year's operations. Net assets of our governmental activities increased by \$13,866, or approximately 11 percent. As a result of this year's operations assets exceeded liabilities by \$138,885 (net assets).
- During the year, expenses were \$48,575 more than the \$3,901 generated in program revenues for governmental programs. General revenues of \$62,441 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$13,866. This compares to last year when revenues exceeded expenses by \$26,816.
- Program expenditures increased by \$15,510, or about 42 percent, mainly due to election expenses incurred for the ad valorem tax millage increase.

***USING THIS ANNUAL REPORT***

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

***Government-Wide Financial Statements***

One of the most important questions asked about finances is, "Is the Bayou Blue Fire Protection District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Bayou Blue Fire Protection District.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Blue Fire Protection District utilizes mainly the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

***FINANCIAL ANALYSIS AS A WHOLE (GWFS)***

Net assets increased from \$125,017 to \$138,885, or about 11%. In comparison, last year net assets increased by \$26,816 or about 27%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis below focuses on the net assets (Table A) and changes in net assets (Table B) of the governmental-type activities.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

Table A  
Condensed Statement of Net Assets

	FY 2003	FY 2002
Current and Other Assets	\$ 227,419	\$ 16,608
Capital Assets	151,659	168,871
<b>Total Assets</b>	<b>379,078</b>	<b>185,479</b>
Current Liabilities	220,334	18,625
Long Term Debt	19,859	41,837
<b>Total Liabilities</b>	<b>240,193</b>	<b>60,462</b>
Invested in Capital Assets	114,420	110,559
Unrestricted	24,465	14,458
<b>Total Net Assets</b>	<b>\$ 138,885</b>	<b>\$ 125,017</b>

Table B  
Condensed Statement of Activities

	FY 2003	FY 2002
Total program expenses	\$ (52,476)	\$ (36,966)
Total program revenues	3,901	3,846
<b>Net program income</b>	<b>(48,575)</b>	<b>(33,120)</b>
General revenues	62,441	59,936
<b>Change in Net Assets</b>	<b>13,866</b>	<b>26,816</b>
<b>Net Assets:</b>		
Beginning of the year	125,019	98,203
End of the year	<b>\$ 138,885</b>	<b>\$ 125,019</b>

Program revenues for the governmental activities increased by 1.4 percent (\$55), while total expenses increased 42 percent (\$15,510).

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The Bayou Blue Fire Protection District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental fund reported a fund balance of \$27,362. This reflects an increase of \$12,903 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities. Total revenues for governmental funds were \$66,342. Current expenditures for governmental activities were \$25,677, and for debt service equaled \$25,000 for a total of all expenditures of \$53,439. The result for the year was an excess of revenues over expenditures of \$12,903.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$56,100
<b>Amendments were made for:</b>	
Increased Ad Valorem taxes received	8,900
Increased Intergovernmental revenue	1,250
Increased Interest	25
<b>Total revenue amendments</b>	<b>10,175</b>
<b>Amended Budgeted Revenues</b>	<b>\$66,275</b>

Original Budgeted Expenditures	\$56,700
<b>Amendments were made for:</b>	
Increased current expenditures	4,100
Decreased Capital Outlay	(2,000)
<b>Total expenditure amendments</b>	<b>2,100</b>
<b>Amended Budgeted Expenditures</b>	<b>\$58,800</b>



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation, for governmental activities at year-end was \$151,659. This year there were no additions to capital assets. Depreciation of \$17,213 was recorded on capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

**DEBT**

At year-end, the Bayou Blue Fire Protection District had a principal balance on a capital lease of \$37,239. During the year payments of \$16,475 of principal and \$4,598 of interest were applied to the prior balance. More detailed information about the capital lease is presented in Note 5 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of next year's General Fund budget include:

**Condensed Summary of Budgeted Finances**

	<u>FY 2004</u>
Anticipated revenues	\$ 416,675
Expenditures:	
Current	133,566
Capital outlay	<u>219,000</u>
Anticipated expenditures	<u>352,566</u>
Excess of revenues	64,109
Fund Balance:	
Beginning of the year	<u>21,934</u>
End of the year	<u>\$ 86,043</u>

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

***CONTACTING FINANCIAL MANAGEMENT***

This financial report is designed to provide a general overview of the Bayou Blue Fire Protection District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Ms. Wanda LeCompte, Accountant  
675 Aragon Road  
Montegut, LA  
Phone number 985-594-5377



***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

## *INDEPENDENT AUDITOR'S REPORT*

To the Commissioners of  
Bayou Blue Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Bayou Blue Fire Protection District. 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 *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 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 the financial position of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of December 31, 2003, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2004, on our consideration of the Bayou Blue 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.

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To the Commissioners of  
Bayou Blue Fire Protection District  
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Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bayou Blue Fire Protection District's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Bayou Blue Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Stagni & Company*

Thibodaux, Louisiana  
May 26, 2004



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STAGNI & COMPANY, LLC

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Statement of Net Assets  
December 31, 2003

**ASSETS**

Cash	\$ 47,477
Ad valorem taxes receivable	13,682
Due from other governments	166,260
Capital Assets, net of accumulated depreciation	<u>151,659</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 379,078</u></b>

**LIABILITIES**

Current Liabilities:	
Accounts payable	\$ 227
Deferred revenue	199,830
Interest payable	2,897
Current portion of long term debt	<u>17,380</u>
Total current liabilities	<u>220,334</u>
Long term debt	<u>19,859</u>
<b>TOTAL LIABILITIES</b>	<b><u>240,193</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	114,420
Unrestricted	<u>24,465</u>
<b>Total net assets</b>	<b><u>\$ 138,885</u></b>

See notes to financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2003

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Charges for services</u>	<u>Program Revenue</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue</u>
Judicial activities:	\$52,476	\$ 3,901	\$ -	-	\$ (48,575)
Total governmental activities	<u>\$ 52,476</u>	<u>\$ 3,901</u>	<u>\$ -</u>	<u>-</u>	<u>(48,575)</u>
<b>GENERAL REVENUES</b>					
Ad valorem taxes					58,923
State revenue sharing					3,369
Interest earned					149
<b>TOTAL GENERAL REVENUES</b>					<u>62,441</u>
<b>CHANGE IN NET ASSETS</b>					13,866
<b>NET ASSETS:</b>					
Beginning of year					125,019
End of year					<u>\$ 138,885</u>

See notes to the financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Balance Sheet - Governmental Fund - General Fund

December 31, 2003

**ASSETS**

Cash	\$	47,477
Ad Valorem taxes receivable:		
Terrebonne Parish		3,692
Lafourche Parish		9,990
Due from tax collector:		
Terrebonne Parish		78,874
Lafourche Parish		83,988
Due from State of Louisiana		3,398
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>227,419</u></b>

**LIABILITIES AND EQUITY**

Current Liabilities:		
Accounts payable	\$	227
Deferred revenue:		
Terrebonne Parish		105,852
Lafourche Parish		93,978
Total current liabilities		<u>200,057</u>
<b>TOTAL LIABILITIES</b>		<u>200,057</u>

**EQUITY**

Fund balances:		
Unreserved - undesignated		27,362
Total equity		<u>27,362</u>

**RECONCILIATION TO STATEMENT OF NET ASSETS:**

In the statement of net assets, capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund as above	151,659
In the statement of net assets, interest payable in governmental activities is not a financial use and therefore not reported in the governmental fund as above.	(2,897)
In the statement of net assets, debt owed in governmental activities is not a financial use and therefore not reported in the governmental fund as above.	
Current portion of debt	(17,380)
Long term portion of debt	<u>(19,859)</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>138,885</u></b>

See notes to financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund - General Fund  
For the Year Ended December 31, 2003

<b>REVENUES</b>		
Taxes		\$ 58,923
Intergovernmental:		
State Revenue Sharing		3,369
Fire Insurance Tax		3,901
Interest		149
<b>TOTAL REVENUES</b>		<u>66,342</u>
<b>EXPENDITURES</b>		
General government - current:		
Ad valorem tax deductions		2,640
Ad valorem tax adjustments		122
<b>Total general government - current</b>		<u>2,762</u>
Public safety - current:		
Office supplies		63
Gasoline/Diesel/Oil		436
Operating supplies		187
Utilities		612
Management Liability Insurance		41
Vehicle insurance		4,936
Audit Fees		2,000
Publish Proceedings/Class Ads		189
Election expenses		11,671
Membership dues		25
Community relations		947
Accounting fees		2,550
E-911 Fire Dispatch Services		651
Auto & Truck Repairs		1,369
<b>Total public safety - current</b>		<u>25,677</u>
Capital expenditures		-
<b>Total capital expenditures</b>		<u>-</u>
Debt Service:		
Principal retirement		21,073
Interest and fiscal charges		3,927
<b>Total debt service</b>		<u>25,000</u>
<b>TOTAL EXPENDITURES</b>		<u>53,439</u>
Excess (deficiencies) of revenues over expenditures		12,903
<b>FUND BALANCES</b>		
Beginning of year		14,459
End of year		<u>\$27,362</u>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES:</b>		
Net change in fund balances per above		\$ 12,903
In the statement of activities, the cost of assets purchased is allocated over the estimated useful life and depreciation on these assets is recorded.		
	Capital outlay	-
	Depreciation	(17,213)
In the statement of activities, the payment of principal on long term debt is netted against the outstanding balance due.		
	Principal payment	21,073
	Interest payable	(2,897)
<b>Change in net assets - governmental activities</b>		<u>\$ 13,866</u>

See notes to financial statements.



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**INTRODUCTION**

At a regular meeting of the Terrebonne Parish Council of the Parish of Terrebonne, State of Louisiana (the "Terrebonne Parish Council"), held on October 8, 2002, said Parish Council, acting under the authority of Part I, Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950, and other constitutional and statutory authority supplemental thereto, adopted a resolution giving notice of intention to amend and change the boundaries of Bayou Blue Fire Protection District, and described the expanded territory of said fire protection district, the new boundaries thereof and all other matters required by law. The boundary change has also been approved by ordinance of the Lafourche Parish Council, the governing authority of the Parish of Lafourche, State of Louisiana. By virtue of the authority conferred by Part I, Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority supplemental thereto, Bayou Blue Fire Protection District boundaries were hereby amended and changed within the Parish of Terrebonne, State of Louisiana and the Parish of Lafourche, State of Louisiana, which fire protection district shall henceforth embrace all of that territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now to be named the "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche". In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District and Terrebonne Parish and four of which are residents of said District and Lafourche Parish. Each term of office shall be for a term of two (2) years.

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B. Reporting Entity**

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units.

Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the council to impose its will on that organization and/or;
  - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The District is considered a component unit of the Lafourche Parish Council, if applying the criteria above. This decision is based on the fact that the Lafourche Parish Council appoints the voting majority of the Board of Commissioners of the District.

**C. Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

***Governmental Fund Type***

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**C. Fund Accounting (continued)**

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

- **General Fund** - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

**D. Measurement Focus / Basis of Accounting**

*Fund Financial Statements (FFS)*

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2001 property taxes which were levied to finance the 2003 budget are recognized as revenue in 2003. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**D. Measurement Focus / Basis of Accounting (continued)**

*Government-Wide Financial Statements (GWFS)*

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

- **Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**E. 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.

**F. Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners 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.

The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2003. 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.



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**G. Cash**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**H. Receivables**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes 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.

**I. Capital Assets**

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

**J. Restricted Net Assets**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2003

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**K. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

**Note 2**      **DEPOSITS**

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the 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 District or with an unaffiliated bank or trust company for the account of the Bayou Blue Fire Protection District.

Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized. 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.

A summary of deposits and the security pledged to them are listed as follows:

<b>Reported balance</b>	<b>\$47,477</b>
<b>Bank balances</b>	<b>\$47,477</b>
<b>Portion insured by FDIC – Category 1</b>	<b>\$47,477</b>

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 3**      **AD VALOREM TAXES**

As provided by R.S. 40:1492(C) the existing ad valorem millage rate levied in the District were extended to the expanded area encompassed and described in the Parishes of Terrebonne and Lafourche as provided by said statutory provision.

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 both Parishes. Assessed values are established by the Terrebonne and Lafourche 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 \$9.79 per \$1,000 of assessed valuation on property within Bayou Blue 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 fire protection purposes, including fire hydrant rentals and service.

**Note 4**      **CAPITAL ASSETS**

Information about capital assets and depreciation for the year are summarized as follows:

	Balance 12/31/2002	Additions	Deletions/ Adjustments	Balance 12/31/2003
<b>Cost:</b>				
Machinery & Equipment	\$ 40,946		\$ 909	\$ 40,037
Truck	183,604	\$ 909		184,513
<b>TOTAL COST</b>	<b>\$ 224,550</b>	<b>\$ 909</b>	<b>\$ 909</b>	<b>\$ 224,550</b>

	Balance 12/31/2002	Additions	Deletions	Balance 12/31/2003
<b>Accumulated Depreciation:</b>				
Machinery & Equipment	\$ 7,388	\$ 4,883		\$ 12,271
Truck	48,290	12,330		60,620
<b>TOTAL ACCUMULATED</b>	<b>\$ 55,678</b>	<b>\$ 17,213</b>		<b>\$ 72,891</b>

	Balance 12/31/2002		Balance 12/31/2003
<b>Net Book Value</b>			
Machinery & Equipment	\$ 33,558		\$ 27,766
Truck	135,314		123,893
<b>TOTAL COST</b>	<b>\$ 168,872</b>		<b>\$ 151,659</b>

Depreciation Expense of \$17,213 was recorded in the governmental activities.



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2003

**NOTE 5      CAPITAL LEASE OBLIGATION**

The following is a summary of changes in debt outstanding as of December 31, 2003:

	Balance 12/31/02	Additions	Reduction	Balance 12/31/03
Capital leases	\$ 58,312		\$ 21,073	\$ 37,239

The District entered into a capital lease agreement for financing the acquisition of a fire truck in 1999. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$183,604. The District has paid additional principal payments for the last four years to expedite the reduction of debt. The reduction of the principal payment for this year is comprised of \$16,475 of scheduled current year principal and \$4,598 additional premium.

The following is a schedule of future minimum lease payments under the capital lease agreement and the present value of the net minimum lease payments:

Year	Principal	Interest	Total
2004	\$17,380	\$3,022	\$20,402
2005	18,334	2,068	20,402
2006	1,526	921	2,446
Totals	\$37,239	\$6,011	\$43,251

**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. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

**Note 7      COMPENSATION OF BOARD MEMBERS**

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

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Budget Comparison Schedule - General Fund

For the Year Ended December 31, 2003

	Budgets		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$50,000	\$58,900	\$58,923	\$ 23
Intergovernmental:				
State Revenue Sharing	3,000	3,350	3,369	19
Fire Insurance Tax	3,000	3,900	3,901	1
Interest	100	125	149	24
<b>TOTAL REVENUES</b>	<u>56,100</u>	<u>66,275</u>	<u>66,342</u>	<u>67</u>
<b>EXPENDITURES</b>				
General government - current:				
Ad valorem tax deductions	2,500	2,650	2,640	10
Ad valorem tax adjustments	100	150	122	28
<b>Total general government - current</b>	<u>2,600</u>	<u>2,800</u>	<u>2,762</u>	<u>38</u>
Public safety - current:				
Office supplies	100	250	63	187
Books & Periodicals	250	250	-	250
Gasoline/Diesel/Oil	1,000	500	436	64
Operating supplies	2,500	1,500	187	1,313
Uniforms	2,000	-	-	-
Tools	150	-	-	-
Utilities	1,000	750	612	138
Management Liability Insurance	100	50	41	9
Vehicle insurance	4,500	5,000	4,936	64
Legal fees	1,000	-	-	-
Audit Fees	1,800	2,000	2,000	-
Publish Proceedings/Class Ads	600	300	189	111
Other fees	750	50	-	50
Election expenses	2,000	12,000	11,671	329
Membership dues	200	50	25	25
Travel & Training	1,000	500	-	500
Community relations	1,000	1,000	947	53
Accounting fees	2,400	2,600	2,550	50
E-911 Fire Dispatch Services	750	700	651	49
Building Repairs & Maintenance	500	500	-	500
Communication Equipment Repairs	500	500	-	500
Auto & Truck Repairs	2,000	2,000	1,369	631
Equipment Repairs & Maintenance	1,000	500	-	500
<b>Total public safety - current</b>	<u>27,100</u>	<u>31,000</u>	<u>25,677</u>	<u>5,323</u>
Capital expenditures	2,000	-	-	-
<b>Total capital expenditures</b>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:				
Principal retirement	21,073	21,073	21,073	-
Interest and fiscal charges	3,927	3,927	3,927	-
<b>Total debt service</b>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>56,700</u>	<u>58,800</u>	<u>53,439</u>	<u>5,361</u>
Excess (deficiencies) of revenues over expenditures	(600)	7,475	12,903	5,428
<b>FUND BALANCES</b>				
Beginning of year	1,653	14,459	14,459	-
End of year	<u>\$1,053</u>	<u>\$21,934</u>	<u>\$27,362</u>	<u>\$5,428</u>

***REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

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

To the Board of Commissioners of  
Bayou Blue Fire Protection District,

We have audited the financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of and for the year ended December 31, 2003, and have issued our report thereon dated May 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 Bayou Blue Fire Protection 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 Bayou Blue Fire Protection 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 general purpose 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.

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To the Board of Commissioners  
Bayou Blue Fire Protection District  
Page 2

We noted no matters involving the internal control over financial reporting and its operation 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.

*Stagni & Company*

Thibodaux, LA  
May 26, 2004



**Bayou Blue Fire Protection District**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**SCHEDULE OF CURRENT YEAR FINDINGS**  
**For the Year Ended December 31, 2003**

We have audited the basic financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of and for the year ended December 31, 2003, and have issued our report thereon dated May 26, 2004. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Section I Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**b. Federal Awards      N/A**

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Type of Opinion On Compliance      Unqualified       Qualified

For Major Programs      Disclaimer       Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?  Yes  No

**c. Identification of Major Programs:**

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  Yes  No

**Section II Financial Statement Findings**

NONE

**Section III Federal Award Findings and Questioned Costs**

N/A





## ***OTHER SUPPLEMENTAL INFORMATION***

### ***PRIOR AUDIT FINDINGS***

*The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings.*

### ***CORRECTIVE ACTION PLAN***

*The corrective action plan for current year audit findings is presented in this schedule.*

**TERREBONNE PARISH RECREATION DISTRICT NO. 8**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
 Summary Schedule of Prior Year Findings  
 For the Year Ended December 31, 2003

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
NONE	
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NOT APPLICABLE	
SECTION III - MANAGEMENT LETTER	
NONE ISSUED	

**NOTES TO SCHEDULE:**

This summary schedule includes all prior audit findings and management letter findings.

In the reference number, the first 4 digits are the year that the audit finding related to.

**TERREBONNE PARISH RECREATION DISTRICT NO. 8**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**Corrective Action Plan**  
**For the Year Ended December 31, 2003**

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<b>NO FINDINGS</b>	
<b>SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b>NOT APPLICABLE</b>	
<b>SECTION III - MANAGEMENT LETTER</b>	
<b>NONE ISSUED</b>	

**NOTES TO SCHEDULE:**

This schedule includes all current audit findings and management letter comments.

In the reference number, the first 4 digits are the year that the audit finding related to.