

Financial Report
Coteau Fire Protection District
Houma, Louisiana
December 31, 2003

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

Release Date 8-11-04

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Coteau Fire Protection District

December 31, 2003

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities of Coteau Fire Protection District (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Coteau Fire Protection District as of December 31, 2003, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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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 May 11, 2004 on our consideration of Coteau Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 11, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Coteau Fire Protection District

The Management's Discussion and Analysis of the Coteau Fire Protection District (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$249,342 (net assets), which represents a 27.46% increase from last fiscal year.

The District's revenue decreased \$1,846 (or 1.39%) primarily due to a reduction in Ad Valorem Tax Revenue.

The District's expenditures decreased \$1,330 (or 1.69%).

The District did not have a deficit fund balance.

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 one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9-13 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2003, assets exceeded liabilities by \$249,342. A portion of the District's net assets (31.84%) reflects its investment in capital assets (e.g., 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	\$ 294,721	\$ 246,909	\$ 47,812
Capital assets	143,267	144,038	(771)
Total assets	<u>437,988</u>	<u>390,947</u>	<u>47,041</u>
Current and other liabilities	136,071	131,443	4,628
Long-term liabilities	52,575	63,874	(11,299)
Total liabilities	<u>188,646</u>	<u>195,317</u>	<u>(6,671)</u>
Net Assets:			
Invested in capital assets, net of related debt	79,393	69,518	9,875
Unrestricted	169,949	126,112	43,837
Total net assets	<u>\$ 249,342</u>	<u>\$ 195,630</u>	<u>\$ 53,712</u>

The change in current and other assets is primarily due to the increase in cash in the savings account which has been designated for subsequent year's expenditures.

The amount of current and other liabilities increased due to the increase in the deferred Ad Valorem revenue. Long-term liabilities decreased due to the principal payment made during the year.

Governmental Activities

Governmental activities increased the District's net assets by \$53,712. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Taxes	\$ 114,946	\$ 122,784	\$ (7,838)	-6.38%
Intergovernmental				
State of Louisiana				
State revenue sharing	2,810	2,840	(30)	-1.06%
Fire insurance tax	6,886	5,110	1,776	34.76%
Rural development grant	4,486	-	4,486	100.00%
Miscellaneous - interest	2,019	2,259	(240)	-10.62%
Total revenues	<u>131,147</u>	<u>132,993</u>	<u>(1,846)</u>	<u>-1.39%</u>
Expenses:				
General Government	6,684	7,285	(601)	-8.25%
Public safety	66,176	66,289	(113)	-0.17%
Debt Service	4,575	5,191	(616)	-11.87%
Total expenses	<u>77,435</u>	<u>78,765</u>	<u>(1,330)</u>	<u>-1.69%</u>
Increase in net assets	53,712	54,228	(516)	-0.95%
Net assets beginning of year	195,630	141,402	54,228	38.35%
Net assets end of year	<u>\$ 249,342</u>	<u>\$ 195,630</u>	<u>\$ 53,712</u>	<u>27.46%</u>

The major changes in net assets include: taxes decreasing due to the amount of the Ad Valorem tax assessment decreasing; fire insurance tax increased due to the increase in the amount of people taxed in area; rural development grant was received this year. Public safety expense increased mainly due to a large repair on a truck.

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 \$169,949, an increase of \$43,837 in comparison with the prior year. An undesignated fund balance of \$8,749 is available for spending at the District's discretion. The remainder of fund balance is primarily designated for upgrading the fire station and for prepaid insurance.

The General Fund is the operating fund of the District. 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 \$43,837 (34.76%) during the current fiscal year.

General Fund Budgetary Highlights

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

Revenues

- Adding the Rural Development Grant to the budget which was not expected at the date of the original budget.

Expenditures

- Ad Valorem tax adjustment decreased by \$2,400 to better reflect the amount of adjustment needed due to the assessment.
- Supplies and materials increased by \$4,000 because of the additional supplies, uniforms and bunker gear purchased.
- Capital outlay increased by \$41,200 to cover purchases that were not budgeted for but were expected to occur during the year. Some of these purchases did not occur until 2004.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2003, amounts to \$143,267 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery and equipment and office furniture, fixtures and equipment (see table on the next page).

	<u>2003</u>	<u>2002</u>
Vehicles	\$124,685	\$124,685
Machinery & Equipment	127,798	106,178
Office furniture, fixtures and equipment	<u>6,760</u>	<u>6,760</u>
Total	<u>\$259,243</u>	<u>\$237,623</u>

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

- Purchase of two fire hoses
- Purchase of three radios with chargers

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 \$63,874 in long-term debt outstanding down from \$74,520 for a decrease of \$10,646, which was the amount of 2003 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 6, 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:

- Ad Valorem tax revenue represents the actual amount of taxes to be derived under the maximum millage for the November 2003 assessment.
- Expenditures were basically anticipated to remain in line with the prior year, with the exception of an increase in supplies and materials for the purchase of bunker gear, coveralls and uniforms.
- Capital funds have been budgeted to reflect \$2,500 purchase for communications equipment, \$25,000 for a fire station upgrade.

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 Coteau Fire Protection District, 2325 Coteau Road, Houma, Louisiana 70364.

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

Coteau Fire Protection District

December 31, 2003

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	\$ 171,526	\$ -	\$ 171,526
Investments	2,089	-	2,089
Receivables - taxes	8,205	-	8,205
Due from other governmental units	110,851	-	110,851
Prepaid insurance	1,200	-	1,200
Other assets	850	-	850
Capital assets, net of accumulated depreciation	-	143,267	143,267
Total assets	\$ 294,721	143,267	437,988
Liabilities			
Accounts payable and accrued expenditures	\$ 763	-	763
Deferred revenue	124,009	-	124,009
Long-term liabilities:			
Due within one year	-	11,299	11,299
Due after one year	-	52,575	52,575
Total liabilities	124,772	63,874	188,646
Fund Balances/Net Assets			
Fund balances:			
Reserved			
Prepaid Insurance	1,200	(1,200)	-
Designated for subsequent year's expenditures	160,000	(160,000)	-
Undesignated	8,749	(8,749)	-
Total fund balances	169,949	(169,949)	-
Total liabilities and fund balances	\$ 294,721		
Net assets:			
Invested in capital assets, net of related debt		79,393	79,393
Unrestricted		169,949	169,949
Total net assets		\$ 249,342	\$ 249,342

See notes to financial statements.

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

Coteau Fire Protection District

December 31, 2003

Fund Balances - Governmental Fund	\$ 169,949
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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	\$ 259,243	
Less accumulated depreciation	<u>(115,976)</u>	143,267

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Capital lease payable		<u>(63,874)</u>
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Net Assets of Governmental Activities		<u>\$ 249,342</u>
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See notes to financial statements.

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

Coteau Fire Protection District

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 114,946		\$ 114,946
Intergovernmental:			
State of Louisiana:			
State revenue sharing	2,810		2,810
Fire insurance tax	6,886		6,886
Rural Development Grant	4,486		4,486
Miscellaneous - interest	2,019		2,019
Total revenues	<u>131,147</u>		<u>131,147</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	1,595		1,595
Ad valorem tax deductions	5,089		5,089
Total general government	<u>6,684</u>		<u>6,684</u>
Public safety:			
Supplies and materials	8,953	\$ -	8,953
Other services and charges	28,102	-	28,102
Repairs and maintenance	6,730	-	6,730
Depreciation	-	22,391	22,391
Total public safety	<u>43,785</u>	<u>22,391</u>	<u>66,176</u>
Debt service:			
Principal retirement	10,646	(10,646)	-
Interest and fiscal charges	4,575	-	4,575
Total debt service	<u>15,221</u>	<u>(10,646)</u>	<u>4,575</u>
Capital outlay	21,620	(21,620)	-
Total expenditures/expenses	<u>87,310</u>	<u>(9,875)</u>	<u>77,435</u>
Excess of Revenues Over Expenditures	43,837	(43,837)	-
Change in Net Assets	-	53,712	53,712
Fund Balance/Net Assets			
Beginning of year	126,112	69,518	195,630
End of year	<u>\$ 169,949</u>	<u>\$ 79,393</u>	<u>\$ 249,342</u>

See notes to financial statements.

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

Coteau Fire Protection District

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund **\$ 43,837**

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	\$ 21,620	
Depreciation expense	(22,391)	
Excess of depreciation expense over capital outlay		(771)

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		<u>10,646</u>
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Change in Net Assets of Governmental Activities **\$ 53,712**

See notes to financial statements.

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

Coteau Fire Protection District

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 114,946	\$ 114,946	\$ 114,946	\$ -
Intergovernmental:				
State of Louisiana:				
State revenue sharing	2,500	2,800	2,810	10
Fire insurance tax	5,000	6,886	6,886	-
Rural Development Grant	-	5,178	4,486	(692)
Miscellaneous - interest	2,000	1,900	2,019	119
Total revenues	124,446	131,710	131,147	(563)
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	4,000	1,600	1,595	5
Ad valorem tax deductions	5,500	5,200	5,089	111
Total general government	9,500	6,800	6,684	116
Public safety:				
Supplies and materials	7,000	11,000	8,953	2,047
Other services and charges	33,750	36,200	28,102	8,098
Repairs and maintenance	9,000	12,500	6,730	5,770
Total public safety	49,750	59,700	43,785	15,915
Debt service:				
Principal retirement	10,646	10,646	10,646	-
Interest and fiscal charges	4,575	4,575	4,575	-
Total debt service	15,221	15,221	15,221	-
Capital outlay	10,000	51,200	21,620	29,580
Total expenditures	84,471	132,921	87,310	45,611
Excess (Deficiency) of Revenues Over Expenditures	39,975	(1,211)	43,837	45,048
Fund Balance				
Beginning of year	94,079	126,112	126,112	-
End of year	\$ 134,054	\$ 124,901	\$ 169,949	\$ 45,048

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Coteau Fire Protection District**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Coteau Fire Protection District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

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

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

b) Basis of Presentation

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

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other 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. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

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

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2003 property taxes which are being levied to finance the 2004 budget will be recognized as revenue in 2004. The 2003 tax levy is recorded as deferred revenue in the District's 2003 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

e) Operating Budgetary Data

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

in expenditures must be approved by the Board. The District amended its budget twice for 2003. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

f) Accounts Receivable

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

g) Investments

Investments consist of certificates of deposit which are stated at cost and approximate market value.

h) Prepaid Insurance

The District has recorded prepaid insurance in its General Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

i) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Government-wide Financial Statements:

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

Vehicles	5 - 15 years
Machinery and equipment	5 - 20 years
Office furniture, fixtures and equipment	5 - 15 years

Fund Financial Statements:

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

j) Long-Term Debt

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

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 a capital lease.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Long-Term Debt (Continued)

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.

k) 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, if any.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Designations represent tentative management plans that are subject to change.

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 of domestic corporations.

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

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	\$100,000	\$ -	\$73,957	\$ 171,526
Investments:				
Certificates of deposit	2,089	-	-	2,089
Totals	\$102,089	\$ -	\$73,957	\$173,615

Note 2 - DEPOSITS (Continued)

At December 31, 2003, cash in excess of the FDIC insurance were not collateralized by securities held by an unaffiliated bank for the account of the District.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was \$7.83 per \$1,000 of assessed valuation on property within the Coteau 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. As indicated in Note 1c, taxes levied November 1, 2003 are for budgeted expenditures in 2004 and will be recognized as revenues in 2004.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana - State revenue sharing	\$ 6,385
Terrebonne Parish Tax Collector - December 2003 collections remitted to the District in January, 2004:	
Ad valorem taxes	103,517
State revenue sharing	<u>949</u>
Total	<u>\$110,851</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2003	Additions	Balance December 31, 2003
Capital assets being depreciated:			
Vehicles	\$ 124,685	\$ -	\$ 124,685
Machinery and equipment	106,178	21,620	127,798
Office furniture, fixtures and equipment	6,760	-	6,760
Total capital assets being depreciated	237,623	21,620	259,243
Less accumulated depreciation for:			
Vehicles	(38,060)	(8,650)	(46,710)
Machinery and equipment	(50,410)	(13,055)	(63,465)
Office furniture, fixtures and equipment	(5,115)	(686)	(5,801)
Total accumulated depreciation	(93,585)	(22,391)	(115,976)
Total capital assets, net	\$ 144,038	\$ (771)	\$ 143,267

Note 6 - LONG-TERM DEBT

The District entered into a financing lease agreement for the acquisition of a fire truck in 1999. The lease agreement bears an interest rate of 6.14% and is repayable through April 2008. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The asset acquired through the capital lease was recorded at a cost of \$111,290 less accumulated depreciation of \$40,188 for a net book value of \$71,102.

The following is a summary of changes in the long-term debt of the District for the year ended December 31, 2003:

Payable at January 1, 2003	\$74,520
Principal payments	(10,646)
Payable at December 31, 2003	\$63,874

Note 6 - LONG-TERM DEBT (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments at December 31, 2003 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$11,299	\$ 3,922	\$15,221
2005	11,993	3,228	15,221
2006	12,730	2,492	15,222
2007	13,511	1,710	15,221
2008	<u>14,341</u>	<u>881</u>	<u>15,222</u>
Totals	<u>\$63,874</u>	<u>\$12,233</u>	<u>\$76,107</u>

Note 7 - 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; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 8 - COMPENSATION OF BOARD MEMBERS

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

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the basic financial statements of Coteau Fire Protection District (the District) for the year ended December 31, 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the year ended December 31, 2003 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2003, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the governmental fund balance sheets of Coteau Fire Protection District as of December 31, 2002 and 2001, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2002 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the years ended December 31, 2002 and 2001 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 11, 2004.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Coteau Fire Protection District**

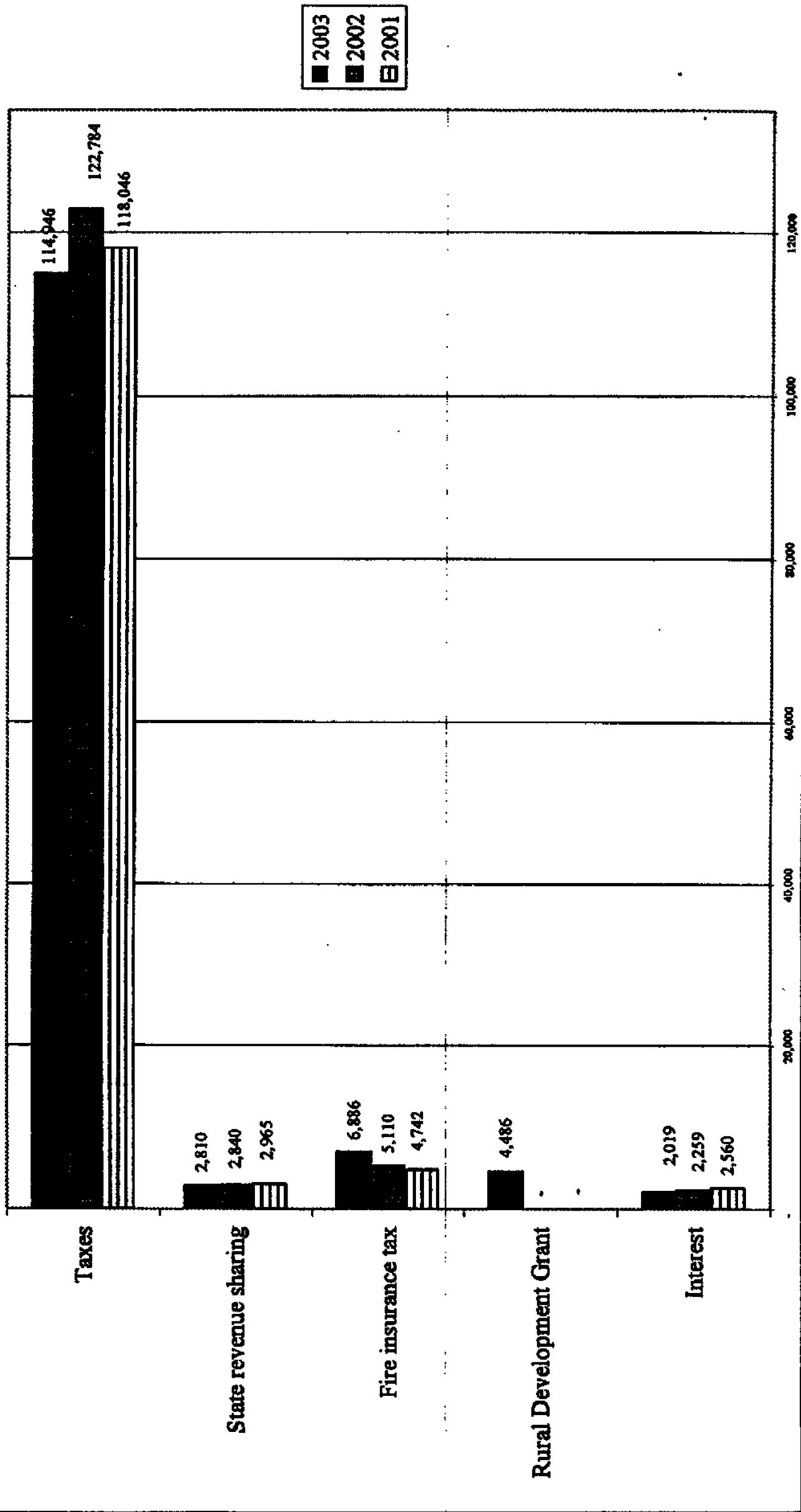
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 114,946	\$ 122,784	\$ 118,046
State revenue sharing	2,810	2,840	2,965
Fire insurance tax	6,886	5,110	4,742
Rural Development Grant	4,486	-	-
Interest	2,019	2,259	2,560
	<u>2,019</u>	<u>2,259</u>	<u>2,560</u>
Total revenues	<u>\$ 131,147</u>	<u>\$ 132,993</u>	<u>\$ 128,313</u>
Expenditures			
General government	\$ 6,684	\$ 7,285	\$ 6,678
Supplies and materials	8,953	13,290	10,165
Other services and charges	28,102	27,310	27,325
Repairs and maintenance	6,730	4,395	3,569
Capital outlay	21,620	12,279	16,633
Principal - debt service	10,646	10,030	9,450
Interest - debt service	4,575	5,191	5,772
	<u>4,575</u>	<u>5,191</u>	<u>5,772</u>
Total expenditures	<u>\$ 87,310</u>	<u>\$ 79,780</u>	<u>\$ 79,592</u>

GOVERNMENTAL FUND REVENUES

Coteau Fire Protection District

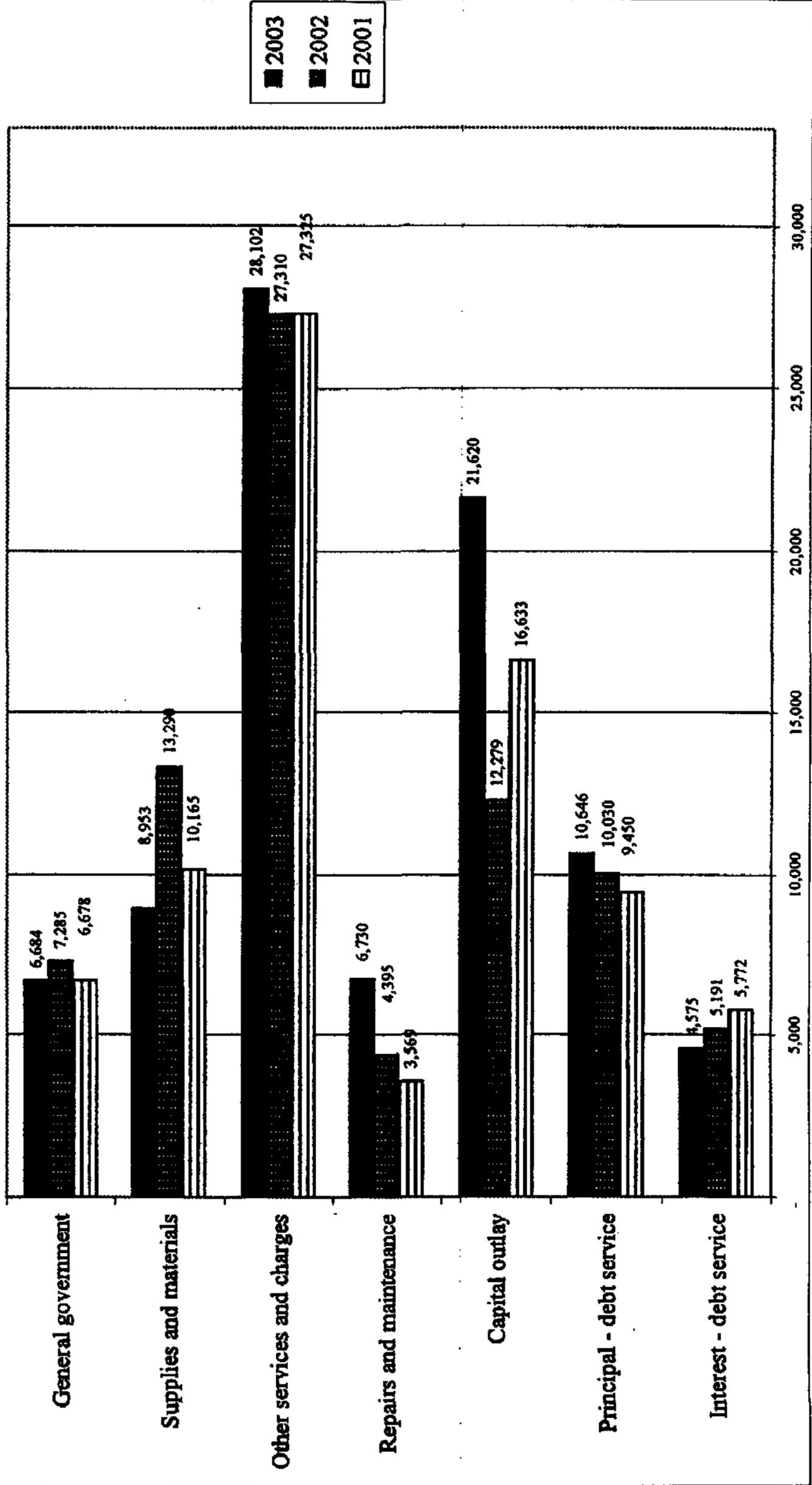
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Coteau Fire Protection District

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



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

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

We have audited the basic financial statements of Coteau Fire Protection District (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 May 11, 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 one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the schedule of findings as item 03-1.

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,
May 11, 2004.

SCHEDULE OF FINDINGS

Coteau Fire Protection District

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

b) Federal Awards

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

Section II Financial Statement Findings

03-1 **Criteria** – Louisiana Revised Statutes 33:2955 and 39:1221-1230 require that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the \$100,000 FDIC insurance and the market value of securities purchased and pledged to the political subdivision are allowed as security for deposits. Obligations furnished, as security must be held by the subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Condition – During the audit it was noted that the District was not secured at year end and it was noted the District was undersecured at the end of nine other months during the year.

Question Costs – None

Context – Not applicable

SCHEDULE OF FINDINGS

(Continued)

Coteau Fire Protection District

For the year ended December 31, 2003

Section II Financial Statement Findings (Continued)

03-1 (continued)

Effect – The district was in noncompliance with state pledged securities law.

Cause – The district was unaware that they were undersecured periodically throughout the year.

Recommendation – We recommend that the District comply with State deposit collateralization law by having the financial institution pledge adequate securities to cover the District's deposit account.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Coteau Fire Protection District

For the year ended December 31, 2003

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

Internal Control

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

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

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Coteau Fire Protection District

For the year ended December 31, 2003

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

Internal Control

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

Compliance

03-1 Recommendation – We recommend that the District comply with State deposit collateralization law by having the financial institution pledge adequate securities to cover the District's deposit account.

Management's Corrective Action Plan – The District will comply with State deposit collateralization law by obtaining adequate pledged securities.

Section II Internal Control and Compliance Material to Federal Awards

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

Section III Management Letter

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