

Financial Report***Terrebonne Parish Fire District No. 6******Montegut, 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

TABLE OF CONTENTS

Terrebonne Parish Fire District No. 6

December 31, 2003

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		3 - 8
Basic Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Assets and Governmental Fund Balance Sheet	A	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	B	10
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	C	11
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	D	12
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	E	13
Notes to Financial Statements	F	14 - 28

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Number</u>
Supplementary Information Section		
Independent Auditor's Report on Additional Information		29
Schedule of Governmental Fund Revenues and Expenditures for the Years Ended December 31, 2003, 2002 and 2001	1	30
Graph of Governmental Fund Revenues for the Years Ended December 31, 2003, 2002 and 2001	2	31
Graph of Governmental Fund Expenditures for the Years Ended December 31, 2003, 2002 and 2001	3	32
Special Reports Of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed In Accordance with <u>Government Auditing Standards</u>		33 – 34
Schedule of Findings		35
Reports By Management		
Schedule of Prior Year Findings		36
Management's Corrective Action Plan		37

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 6,
Montegut, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Fire District No. 6 (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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Terrebonne Parish Fire District No. 6 as of December 31, 2003, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2004 on our consideration of Terrebonne Parish Fire District No. 6's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The 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,
June 2, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 6

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 6's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$1,091,996 (net assets), which represents a 5.25% decrease from last fiscal year.

The District's revenue increased \$7,363 (or 1.82%) primarily due to the increases in ad valorem taxes and FEMA reimbursement in 2003.

The District's expenditures increased \$38,910 (or 8.97%) primarily due to the increase in salaries, retirement costs and insurance premiums.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is fire protection.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund.

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 individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The District adopts an annual 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 \$1,091,996. A large portion of the District's net assets (65.1 %) reflects its investment in capital assets (e.g., land; construction in progress, buildings, machinery and equipment, office furniture, fixtures 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	\$ 786,470	\$ 860,759	\$ (74,289)
Capital assets	711,336	741,567	(30,231)
Total assets	<u>1,497,806</u>	<u>1,602,326</u>	<u>(104,520)</u>
Current and Other Liabilities	<u>405,810</u>	<u>449,854</u>	<u>(44,044)</u>
Net assets:			
Invested in capital assets	711,336	741,567	(30,231)
Unrestricted	380,660	410,905	(30,245)
Total nets assets	<u>\$ 1,091,996</u>	<u>\$ 1,152,472</u>	<u>\$ (60,476)</u>

Governmental Activities

Governmental activities decreased the District's net assets by \$60,476. Key elements of this decrease are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Ad valorem taxes	\$ 348,493	\$ 341,023	\$ 7,470	2.19%
Intergovernmental	39,342	33,999	5,343	15.72%
Charges for services	1,400	1,200	200	16.67%
Miscellaneous	23,075	28,725	(5,650)	-19.67%
Total revenues	<u>412,310</u>	<u>404,947</u>	<u>7,363</u>	
Expenses:				
General Government	16,552	23,698	(7,146)	-30.15%
Public Safety	456,234	410,178	46,056	11.23%
Total expenses	<u>472,786</u>	<u>433,876</u>	<u>38,910</u>	8.97%
Decrease in net assets	(60,476)	(28,929)	(31,547)	109.05%
Net assets beginning of year	1,152,472	1,181,401	(28,929)	-2.45%
Net assets end of year	<u>\$ 1,091,996</u>	<u>\$ 1,152,472</u>	<u>\$ (60,476)</u>	-5.25%

Intergovernmental revenue increased due to a FEMA reimbursement received in 2003. Miscellaneous revenue decreased by 19.67% primarily due to a decrease in interest earnings from investments. The general government expenses decreased primarily due to a decrease in Ad Valorem adjustments. The public safety expense increased because of the increase in salaries, retirement costs and insurance premiums.

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 an ending fund balances of \$380,660, an decrease of \$30,245 in comparison with the prior 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

- Ad Valorem Taxes were reduced to approximate amount collected.
- The District received from Terrebonne Parish Consolidated Government some reimbursements for phone charges.

Expenditures

- The District increased expenditures for the following expenses:
 - Estimated overtime
 - GIS HI Speed Internet
 - Insurance
 - Truck repairs and maintenance
 - Training field

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 \$711,336 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, office furniture, equipment, and fixtures; and machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 4,378	\$ 4,378
Construction in progress	-	700
Buildings	632,243	586,841
Machinery and equipment	947,251	947,251
Office furniture, equipment and fixtures	<u>28,534</u>	<u>21,059</u>
Totals	<u>\$ 1,612,406</u>	<u>\$ 1,560,929</u>

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

- The re-roofing on the Pointe Aux Chenes fire station.
- The new storage building.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Ad valorem tax revenue budgeted is the estimated amount of the November 2003 assessment at 12.50 mills.
- Interest revenues are budgeted with no anticipation of an increase in interest rates and on the premise that there will be less funds available for investing, as a result of 2003 spending.
- Expenditures were basically anticipated to remain in line with prior year's expenditures.
- The District is expected to receive a Rural Development Grant in 2004.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District No. 6, 1105 Highway 55, Montegut, Louisiana 70377.

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

Terrebonne Parish Fire District No. 6

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 31,722	\$ -	\$ 31,722
Investments	390,702	-	390,702
Receivables - taxes	7,471	-	7,471
Prepaid Insurance	16,750	-	16,750
Due from other governmental units	339,825	-	339,825
Capital assets:			
Non-depreciable	-	4,378	4,378
Depreciable, net of accumulated depreciation	-	706,958	706,958
Total assets	<u>\$ 786,470</u>	<u>711,336</u>	<u>1,497,806</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 36,980	-	36,980
Due to Terrebonne Parish Consolidated Government	16,648	-	16,648
Deferred revenue	352,182	-	352,182
Total liabilities	<u>405,810</u>	<u>-</u>	<u>405,810</u>
Fund Balances/Net Assets			
Fund balances -			
Reserved			
Prepaid Insurance	16,750	(16,750)	-
Unreserved:			
Designated for subsequent year's expenditures	137,993	(137,993)	-
Undesignated	225,917	(225,917)	-
Total fund balances	<u>380,660</u>	<u>(380,660)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 786,470</u>		
Net assets:			
Invested in capital assets		711,336	711,336
Unrestricted		380,660	380,660
Total net assets		<u>\$ 1,091,996</u>	<u>\$ 1,091,996</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 6

December 31, 2003

Fund Balances - Governmental Fund	\$ 380,660
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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

\$ 1,612,406

Less accumulated depreciation

(901,070)

711,336

Net Assets of Governmental Activities

\$ 1,091,996

See notes to financial statements.

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

Terrebonne Parish Fire District No. 6

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 348,493		\$ 348,493
Intergovernmental:			
Federal Government			
FEMA Reimbursement	4,857		4,857
State of Louisiana:			
State revenue sharing	9,151		9,151
Fire insurance tax	10,934		10,934
Supplemental pay	14,400		14,400
Charges for services	1,400		1,400
Miscellaneous:			
Interest	8,407		8,407
Other	15,368	\$ (700)	14,668
Total revenues	<u>413,010</u>	<u>(700)</u>	<u>412,310</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	1,411	-	1,411
Ad valorem tax deductions	15,141	-	15,141
Total general government	<u>16,552</u>	<u>-</u>	<u>16,552</u>
Public safety:			
Personal services	204,837	-	204,837
Supplies and materials	43,515	-	43,515
Other services and charges	97,358	-	97,358
Repairs and maintenance	28,116	-	28,116
Depreciation	-	82,408	82,408
Total public safety	<u>373,826</u>	<u>82,408</u>	<u>456,234</u>
Capital outlay	<u>52,877</u>	<u>(52,877)</u>	<u>-</u>
Total expenditures/expenses	<u>443,255</u>	<u>29,531</u>	<u>472,786</u>
Deficiency of Revenues Over Expenditures	(30,245)	30,245	-
Change in Net Assets	-	(60,476)	(60,476)
Fund Balance/Net Assets			
Beginning of year	<u>410,905</u>	<u>741,567</u>	<u>1,152,472</u>
End of year	<u>\$ 380,660</u>	<u>\$ 711,336</u>	<u>\$ 1,091,996</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**

Terrebonne Parish Fire District No. 6

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund	\$ (30,245)
 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	\$ 52,877
Depreciation expense	<u>(82,408)</u>
Excess of capital outlay over depreciation expense	(29,531)
 The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to decrease net assets.	
	<u>(700)</u>
Change in Net Assets of Governmental Activities	<u>\$ (60,476)</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 6

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 350,210	\$ 343,850	\$ 348,493	\$ 4,643
Intergovernmental:				
Federal Government				
FEMA Reimbursement	-	4,850	4,857	7
State of Louisiana:				
State revenue sharing	8,500	9,150	9,151	1
Fire insurance tax	9,500	10,925	10,934	9
Supplemental pay	12,000	14,400	14,400	-
Charges for services	1,000	1,200	1,400	200
Miscellaneous:				
Interest	10,100	8,000	8,407	407
Other	-	14,950	15,368	418
Total revenues	391,310	407,325	413,010	5,685
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	25,000	1,500	1,411	89
Ad valorem tax deductions	15,500	15,500	15,141	359
Total general government	40,500	17,000	16,552	448
Public safety:				
Personal services	178,429	211,250	204,837	6,413
Supplies and materials	48,000	53,000	43,515	9,485
Other services and charges	84,150	118,300	97,358	20,942
Repairs and maintenance	46,500	57,500	28,116	29,384
Total public safety	357,079	440,050	373,826	66,224
Capital outlay	99,000	154,000	52,877	101,123
Total expenditures	496,579	611,050	443,255	167,795
Deficiency of Revenues Over Expenditures	(105,269)	(203,725)	(30,245)	173,480
Fund Balance				
Beginning of year	273,417	410,905	410,905	-
End of year	\$ 168,148	\$ 207,180	\$ 380,660	\$ 173,480

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Fire District No. 6

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 6 (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. Emphasis is now on the major funds in governmental activities. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

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

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are 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. Charges for services are recorded when earned since they are measurable and available. 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 accumulated unpaid vacation and sick leave which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

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

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United 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 are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

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

Some District monies are held and invested by the Parish. Investments during the year consisted of Certificates of Deposit, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes and LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings	25 - 40 years
Machinery and equipment	5 - 20 years
Office furniture, fixtures and equipment	5 - 10 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Vacation and Sick Leave

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

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

Every fireman in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A fireman employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave. A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. There is no accumulated sick leave for the District at December 31, 2003.

k) Fund Equity

Government-wide Statements:

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

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2003 the District had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Designated fund balance represents tentative plans for future use of financial resources that may be subject to change.

Note 2 - DEPOSITS AND INVESTMENTS

Deposits:

Louisiana state law allows all political subdivision 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 branch office in the state of Louisiana guaranteed investment contracts and investment grade (A-1/ P-1) commercial paper of domestic corporation.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and 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.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 34,666	\$ -	\$ -	\$ 31,722
Certificates of deposit	<u>100,000</u>	<u>-</u>	<u>94,945</u>	<u>194,945</u>
Totals	<u>\$134,666</u>	<u>\$ -</u>	<u>\$94,945</u>	<u>\$226,667</u>

Investments:

Investments held at December 31, 2003 consist of \$195,757 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at December 31, 2003 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issues, guaranteed or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

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

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

A reconciliation of deposits and investments as shown on the Combined Balance Sheet for the District is as follows:

Reported amount of deposits	\$226,667
Reported amount of investments	<u>195,757</u>
Total	<u>\$422,424</u>
Cash	\$ 31,722
Investments	<u>390,702</u>
Total	<u>\$422,424</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parishes of Terrebonne and Lafourche. 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 reevaluations were 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 \$12.50 per \$1,000 of assessed valuation on property within Fire District No. 6 for the purpose of acquiring purchasing, constructing, improving, maintaining and operating fire protection facilities and equipment within the District and paying the cost of obtaining water for fire protection purposes. 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	\$ 6,155
Lafourche Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:	
Ad valorem taxes	10,618
Terrebonne Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:	
Ad valorem taxes	318,281
State revenue sharing	<u>4,771</u>
Total	<u>\$339,825</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	Adjustments	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$ 4,378	\$ -	\$ -	\$ 4,378
Construction in progress	700	-	(700)	-
Total capital assets not being depreciated	<u>5,078</u>	<u>-</u>	<u>(700)</u>	<u>4,378</u>
Capital assets being depreciated:				
Buildings	586,841	45,402	-	632,243
Machinery and equipment	947,251	-	-	947,251
Office furniture, fixtures and equipment	21,059	7,475	-	28,534
Total capital assets being depreciated	<u>1,555,151</u>	<u>52,877</u>	<u>-</u>	<u>1,608,028</u>
Less accumulated depreciation for:				
Buildings	(253,318)	(17,962)	-	(271,280)
Machinery and equipment	(549,754)	(61,616)	-	(611,370)
Office furniture, fixtures and equipment	(15,590)	(2,830)	-	(18,420)
Total accumulated depreciation	<u>(818,662)</u>	<u>(82,408)</u>	<u>-</u>	<u>(901,070)</u>
Total capital assets being depreciated, net	<u>736,489</u>	<u>(29,531)</u>	<u>-</u>	<u>706,958</u>
Total capital assets, net	<u>\$ 741,567</u>	<u>\$ (29,531)</u>	<u>\$ (700)</u>	<u>\$ 711,336</u>

Construction in progress was removed because Terrebonne Parish Fire District No. 6 will not be the lead participant in the training field.

Note 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

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

Vendors	\$ 5,481
Salaries and benefits	5,508
Protest taxes	<u>25,991</u>
Total	<u>\$36,980</u>

Note 7 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the District is required to contribute at an actuarially determined rate. For the year ended December 31, 2003 the rate the district contributed fluctuated from 9% to 21% by the end of the year 2003. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2003, 2002 and 2001 were \$19,381, \$10,689, and \$9,258, respectively, equal to the required contributions for each year.

Note 8 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The District provides for the payment of hospitalization and life insurance premiums for one retired employee as approved by the Board. The District will fund the entire premium for all employees retiring with at least ten years service or retiring from the formal retirement systems. A retired employee may provide dependent hospitalization coverage at a cost ranging from \$40 to \$44 per month depending on their retirement date. The cost of providing this benefit is recognized as an expenditure as premiums are paid. For the year ended December 31, 2003, those costs amounted to \$3,940.

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 2003, the average hospitalization and life insurance costs were approximately \$328 per month.

Note 9 - SUPPLEMENTAL PAY

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

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

Note 9 - SUPPLEMENTAL PAY (Continued)

As of December 31, 2003, the District has recognized revenue and expenditures of \$14,400 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 10 - 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 and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on such factors as its operations and maintenance budget, exposure and claims experience. The Premiums for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Property	\$100,000,000
Auto Liability	6,500,000

Coverage for general liability claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$3,448,479 at December 31, 2002, then secondly by the District. The Parish is self insured for the first \$125,000 of each claim relating to group health. The aggregate deductible of all group claims for 2002 was \$8,550,420. Insurance contracts cover excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2003 totaled \$55,627.

Note 11- COMPENSATION OF BOARD MEMBERS

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

<u>Board Members:</u>	<u>Number of Meetings Attended:</u>	<u>Per Diem:</u>
Kevin Belanger	8	\$ 240
Daniel Duet	8	240
Byron Eells	11	330
H.L. Hawthorne	11	330
Russell Hebert	8	240
Gale LeBouef	7	210
Louis Prosperie, Jr.	12	<u>360</u>
Total		<u>\$1,950</u>

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Fire District No. 6,
Montegut, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Fire District No. 6 (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 Terrebonne Parish Fire District No. 6 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,
June 2, 2004.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Fire District No. 6**

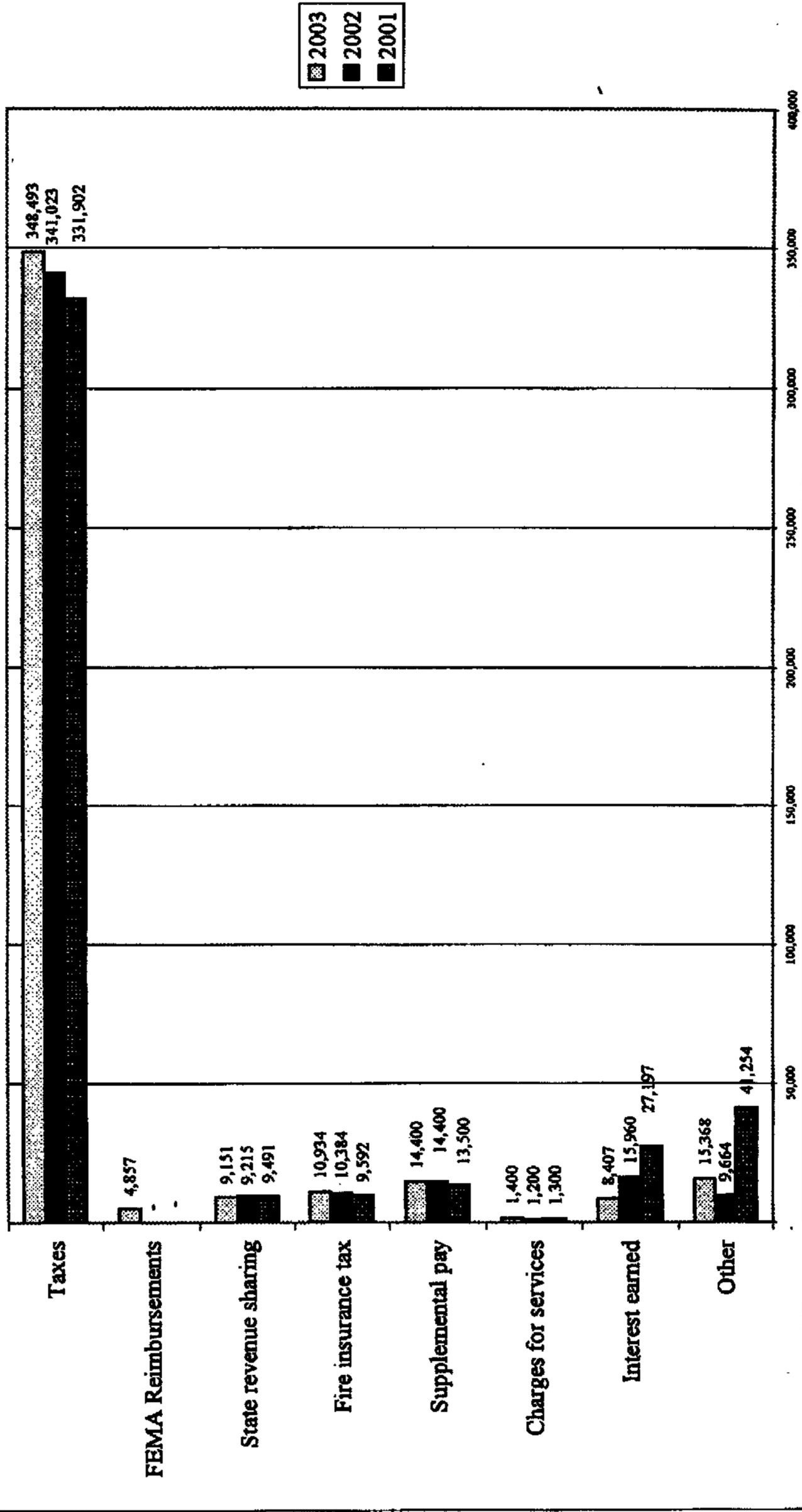
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 348,493	\$ 341,023	\$ 331,902
FEMA Reimbursements	4,857	-	-
State revenue sharing	9,151	9,215	9,491
Fire insurance tax	10,934	10,384	9,592
Supplemental pay	14,400	14,400	13,500
Charges for services	1,400	1,200	1,300
Interest earned	8,407	15,960	27,197
Other	15,368	9,664	41,254
	<u>413,010</u>	<u>401,846</u>	<u>434,236</u>
Total revenues	\$ 413,010	\$ 401,846	\$ 434,236
Expenditures			
General government	\$ 16,552	\$ 23,698	\$ 25,141
Personal services	204,837	195,840	181,808
Supplies and materials	43,515	49,919	29,716
Other services and charges	97,358	52,661	50,626
Repairs and maintenance	28,116	32,654	76,323
Capital outlay	52,877	59,642	122,453
	<u>443,255</u>	<u>414,414</u>	<u>486,067</u>
Total expenditures	\$ 443,255	\$ 414,414	\$ 486,067

GOVERNMENTAL FUND REVENUES

Terrebonne Parish Fire District No. 6

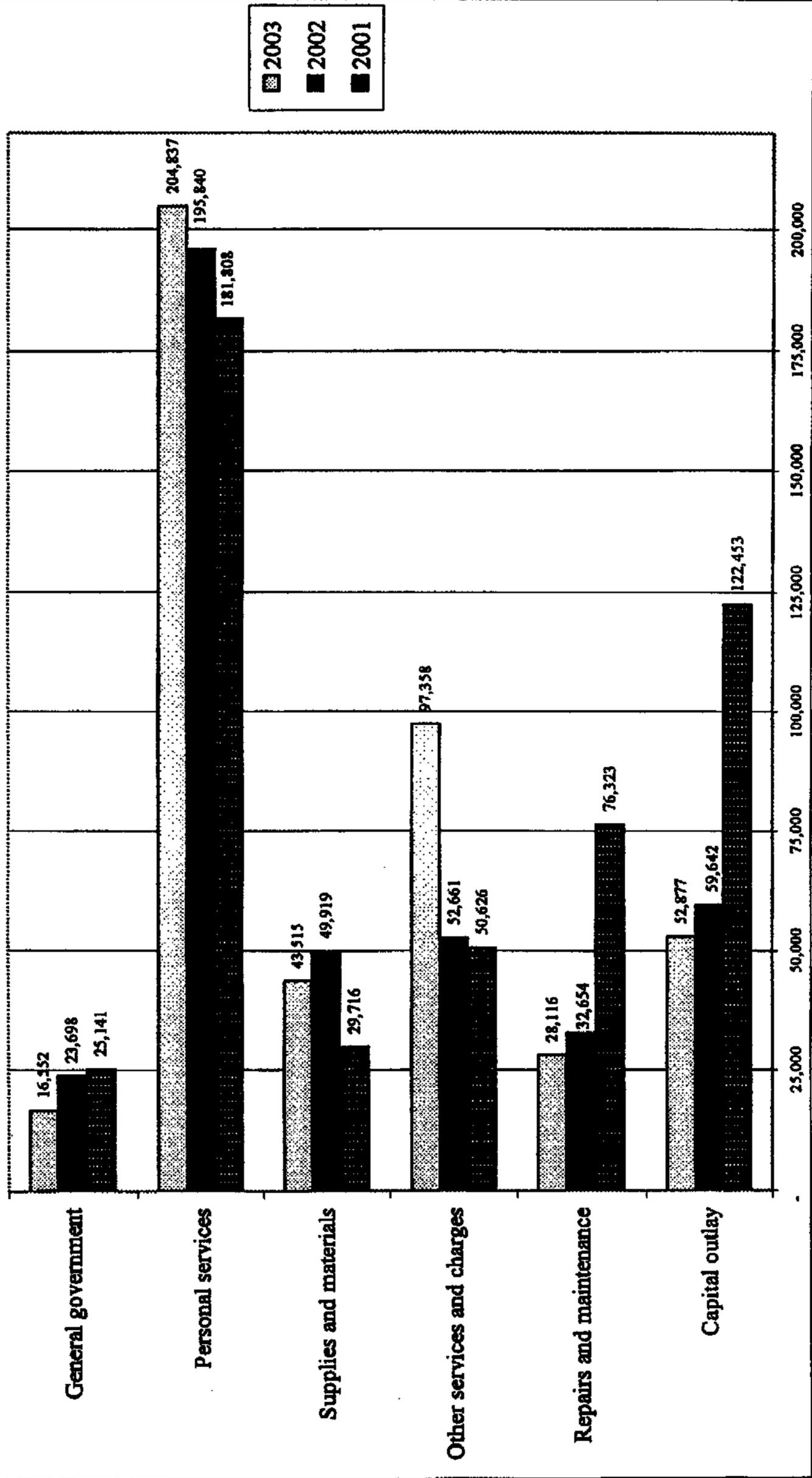
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Fire District No. 6

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



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Commissioners,
Terrebonne Parish Fire District No. 6,
Montegut, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Fire District No. 6 (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 June 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 2, 2004.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Fire District No. 6

For the year ended December 31, 2003

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

Internal Control

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 6 did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 6

For the year ended December 31, 2003

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

Internal Control

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 6 did not receive federal awards in excess of \$300,000 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.