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***Financial Report***  
***Terrebonne Parish Fire District No. 10***  
***Theriot, Louisiana***  
***December 31, 1995***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 8-21-96

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Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of Terrebonne Parish Fire District No. 10, (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Fire District No. 10 as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 27, 1996 on our consideration of the Terrebonne Parish Fire District No. 10's internal control structure and a report dated February 27, 1996 on its compliance with laws and regulations.

Respectfully submitted,

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
February 27, 1996.

**COMBINED BALANCE SHEET -  
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS**

**Terrebonne Parish Fire District No. 10**

December 31, 1995

	Governmental Fund Types	
	General	Debt Service
<b><u>ASSETS</u></b>		
Cash	\$ 77,613	\$ 21,387
Investments	100,000	-
Receivables - taxes	12,187	1,242
Due from other governmental units	190,299	18,801
Fixed Assets	-	-
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term obligations	-	-
Total assets	\$ 380,099	\$ 41,430
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 9,345	\$ -
Due to Terrebonne Parish Consolidated Government	-	-
General obligation bonds	-	-
Total liabilities	9,345	-
<b><u>FUND EQUITY</u></b>		
Investments in general fixed assets		
Fund balances:		
Reserved:		
Debt service		41,430
Unreserved	370,754	-
Total fund balances	370,754	41,430
Total fund equity	370,754	41,430
Total liabilities and fund equity	\$ 380,099	\$ 41,430

See notes to financial statements.

Account Groups		
General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
\$ -	\$ -	\$ 99,000
-	-	100,000
-	-	13,429
-	-	209,100
47,042	-	47,042
-	41,430	41,430
-	36,570	36,570
<u>\$ 47,042</u>	<u>\$ 78,000</u>	<u>\$ 546,571</u>
	\$ -	\$ 9,345
	33,000	33,000
	45,000	45,000
	<u>78,000</u>	<u>87,345</u>
<u>\$ 47,042</u>		<u>47,042</u>
		41,430
		<u>370,754</u>
<u>47,042</u>		<u>459,226</u>
<u>47,042</u>		<u>459,226</u>
<u>\$ 47,042</u>	<u>\$ 78,000</u>	<u>\$ 546,571</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUND TYPES**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 1995

	<u>General</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
<b>Revenues</b>	\$ 208,532	\$ 21,247	\$ 229,779
Taxes			
Intergovernmental			
State of Louisiana:			
State revenue sharing	8,660	-	8,660
Fire insurance tax	8,046	-	8,046
Miscellaneous:			
Interest	10,435	1,186	11,621
Other	443	-	443
<b>Total revenues</b>	<u>236,116</u>	<u>22,433</u>	<u>258,549</u>
<b>Expenditures</b>			
General Government:			
Ad valorem tax adjustment	1,645	167	1,812
Ad valorem tax deductions	10,049	1,024	11,073
<b>Total general government</b>	<u>11,694</u>	<u>1,191</u>	<u>12,885</u>
Public Safety:			
Personal services	84,288	-	84,288
Supplies and materials	2,850	-	2,850
Other services and charges	40,253	-	40,253
Repairs and maintenance	54,284	-	54,284
Capital expenditures	17,666	-	17,666
<b>Total public safety</b>	<u>199,341</u>	<u>-</u>	<u>199,341</u>
Debt service:			
Principal retirement	33,000	15,000	48,000
Interest and fiscal charges	-	2,874	2,874
<b>Total debt service</b>	<u>33,000</u>	<u>17,874</u>	<u>50,874</u>
<b>Total expenditures</b>	<u>244,035</u>	<u>19,065</u>	<u>263,100</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(7,919)	3,368	(4,551)
<b>Fund Balances</b>			
Beginning of year	<u>378,673</u>	<u>38,062</u>	<u>416,735</u>
End of year	<u>\$ 370,754</u>	<u>\$ 41,430</u>	<u>\$ 412,184</u>

See notes to financial statements.

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

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>	\$ 203,494	\$ 208,532	\$ 5,038
Taxes			
Intergovernmental -			
State of Louisiana:			
State of revenue sharing	8,800	8,660	(140)
Fire insurance tax	8,000	8,046	46
Miscellaneous:			
Interest earned	10,300	10,435	135
Other	10,700	443	(10,257)
<b>Total revenues</b>	<u>241,294</u>	<u>236,116</u>	<u>(5,178)</u>
<b>Expenditures</b>			
General Government:			
Ad valorem tax deductions	10,049	10,049	-
Ad valorem tax adjustments	1,645	1,645	-
<b>Total general government</b>	<u>11,694</u>	<u>11,694</u>	<u>-</u>
Public Safety:			
Personal services	84,600	84,288	312
Supplies and materials	2,500	2,850	(350)
Other services and charges	43,100	40,253	2,847
Repairs and maintenance	50,000	54,284	(4,284)
Capital expenditures	16,200	17,666	(1,466)
<b>Total public safety</b>	<u>196,400</u>	<u>199,341</u>	<u>(2,941)</u>
Debt service:			
Principal retirement	33,000	33,000	-
<b>Total expenditures</b>	<u>241,094</u>	<u>244,035</u>	<u>(2,941)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	200	(7,919)	(8,119)
<b>Fund Balances</b>			
Beginning of year	<u>378,673</u>	<u>378,673</u>	-
End of year	<u>\$ 378,873</u>	<u>\$ 370,754</u>	<u>\$ (8,119)</u>

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Fire District No. 10**

December 31, 1995

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

The accounting and reporting policies of the Terrebonne Parish Fire District No. 10 (the District) conform to generally accepted accounting principles as applicable to governments.

**a) Reporting Entity**

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these component unit financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1995.

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

**b) Basis of Presentation - Fund Accounting**

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**Governmental Funds**

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Governmental Funds of the District:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

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

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are considered "measurable" at the time of levy. Miscellaneous revenues are recorded as revenues when received in cash by the District or an intermediary collecting agency 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 obligations which is recognized when due.

d) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once 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 generally accepted accounting principles.

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

**e) Bad Debts**

The financial statements for the District contain no allowance for bad debts. 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.

**f) General Fixed Assets**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

**g) Long-Term Obligations**

The accounting and reporting treatment applied to the long-term obligations associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

g) **Long-Term Obligations (Continued)**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds.

The Long-Term Obligations Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

h) **Vacation and Sick Leave**

The District follows the vacation and sick leave policies of Terrebonne Parish Consolidated Government. There is no material accumulated vacation at December 31, 1995.

i) **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

j) **Total Columns on Combined Statements - Overview**

Total columns on the combined statements - overview are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - **CASH AND INVESTMENTS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the 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

**Note 2 - CASH AND INVESTMENTS (Continued)**

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.

During the year the District's investments consisted solely of a certificate of deposit. The District's cash and investment at December 31, 1995 in excess of the FDIC insurance was under collateralized by \$39,524.

**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, 1992. 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, 1995 was \$10.60 per \$1,000 of assessed valuation on property within Fire District No. 10 for the purpose of maintaining and operating fire protection facilities within the District and \$1.08 per \$1,000 of assessed valuation for the payment of principal and interest.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 1995 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>
State of Louisiana -		
State revenue sharing	\$ 5,774	\$ -
Terrebonne Parish Tax Collector -		
December, 1995 collections remitted to the District in January, 1996 -		
Ad valorem taxes	<u>184,525</u>	<u>18,801</u>
Totals	<u>\$190,299</u>	<u>\$18,801</u>

**Note 5 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>Balance January 1, 1995</u>	<u>Additions</u>	<u>Balance December 31, 1995</u>
Land and buildings	\$29,205	\$ -	\$29,205
Machinery and equipment	5,393	10,577	15,970
Office furniture, fixtures and equipment	<u>1,867</u>	<u>-</u>	<u>1,867</u>
 Totals	 <u>\$36,465</u>	 <u>\$10,577</u>	 <u>\$47,042</u>

The District has assets totaling \$679,141 which are included in the general-fixed asset listing of Terrebonne Parish Consolidated Government. The assets are made up of the following:

Land and building	\$416,936
Automobiles and boats	202,499
Machinery and equipment	49,732
Office furniture and equipment	<u>9,974</u>
 Total	 <u>\$679,141</u>

**Note 6 - LONG-TERM OBLIGATIONS**

At December 31, 1995, the District had outstanding general obligation bonds totaling \$45,000 bearing interest from 4.7% to 7.0% which are repayable through March 1, 1998 primarily from ad valorem tax revenues.

At December 31, 1995, the District had an outstanding interest free loan from the Terrebonne Parish Consolidated Government.

**Note 6 - LONG-TERM OBLIGATIONS (Continued)**

The following is a summary of bond transactions of the District for the year ended December 31, 1995:

	<u>Payable January 1, 1995</u>	<u>Debt Retire- ment</u>	<u>Payable December 31, 1995</u>
Terrebonne Parish Consolidated Government	\$ 66,000	\$33,000	\$33,000
General obligation bonds	<u>60,000</u>	<u>15,000</u>	<u>45,000</u>
Totals	<u>\$126,000</u>	<u>\$48,000</u>	<u>\$78,000</u>

The annual requirements to amortize all long-term obligations outstanding at December 31, 1995 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 48,000	\$1,969	\$ 49,969
1997	15,000	1,181	16,181
1998	<u>15,000</u>	<u>394</u>	<u>15,394</u>
Totals	<u>\$78,000</u>	<u>\$3,544</u>	<u>\$81,544</u>

**Note 7 - FIREFIGHTERS' RETIREMENT SYSTEM**

The Firefighters' Retirement System of Louisiana (FRS), a cost-sharing, multiple-employer public retirement system, is controlled and administered by a separate Board of Trustees. FRS was established as of January 1, 1980 for the purpose of providing retirement allowances and other benefits as described under Louisiana Revised Statutes 33:2155 through 2156. The total covered payroll as of June 30, 1995 for employees in FRS was \$64,860,138. The total covered payroll for all employees of Fire District No. 10 is \$52,160 for the year ended December 31, 1995.

The "pension benefit obligation" is a standardized disclosure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date.

**Note 7 - FIREFIGHTERS' RETIREMENT SYSTEM (Continued)**

The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The Firefighters' Retirement System does not make separate measurements of assets and pension benefit obligation for individual employers.

Information for the system follows:

Valuation Date	-	12/31/95
Pension Benefit Obligation	-	\$392,663,345
Net Assets Available for Benefits	-	\$352,392,368
Deficiency of Assets	-	\$40,270,977

Any full-time firefighter employed by a municipality, parish, or fire protection district of the State of Louisiana is eligible to participate. Persons hired as full-time firefighters on or after January 1, 1980 must become members as a condition of employment if under age 50 on date of employment. Persons who were employed as full-time firefighters on January 1, 1980 may become members; however, no prior service credit will be granted by the Board. Persons employed as full-time firefighters who are members of any other retirement system in Louisiana may elect to terminate their membership in such system and join the Firefighters' Retirement System. Credit in each system will be recognized under the provisions of R.S. 42:697. Any member of this system who has completed at least 20 years of creditable service, and who has attained the age of 50 years, or any member who has completed at least 12 years of service, who has attained the age of 55 or 25 years of service at any age shall be entitled to retire from service. Upon such retirement, the member shall be paid an annual retirement allowance equal to 3-1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. If the members terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

If an eligible member is officially certified as disable by the State Medical Disability Board, he shall receive the greater of retirement, if eligible or disability benefits. Any member totally disable from injury received in the line of duty, even though the member



Note 7 - FIREFIGHTERS' RETIREMENT SYSTEM (Continued)

has less than 5 years creditable service, shall be paid, on a monthly basis, an annual pension of 60% of the average final compensation being received at the time of the disability. Any member of the system who has become disable or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has 5 years of creditable service, but is not eligible for retirement under the provisions of R.S. 11:2258 may apply for retirement under the provisions of this section and shall be retired on a 75% of the retirement salary to which he would be entitled under R.S. 11:2256 if he were eligible thereunder or 25% of the member's average salary, whichever is greater. Should a member who is on disability retirement die and leave a surviving spouse, the surviving spouse shall receive a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse shall receive 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. If the surviving spouse remarries, such benefits shall cease; however, the benefits shall resume upon subsequent divorce or death of the new spouse, and the approval of the Board of Trustees.

The plan provides benefits for surviving spouses and their minor children under certain provisions of the statutes.

After completing 20 years of creditable service, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the plan, employer and employee contributions to the system cease. The monthly retirement benefit that shall have been payable is paid into the DROP account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP account balance in addition to his regular retirement benefit. If employment is not terminated at the end of 36 months, the participant resumes regular contributions to the system. No payments may be made from the DROP account until the participant retires.

State statute required employees covered by FRS to contribute 8% of their earnable compensation to the System; the District contributed 9% of every member's earnable compensation as an employer match.

Although contributions are determined by state statute rather than actuarial calculations, actuarially required contributions are determined for the System. For the year ended June 30, 1995, the System's total actuarially required contribution, using the entry age normal cost method, for normal costs and the unfunded accrued liability was \$5,638,618. The total projected payroll of all covered employees of the System for the year ended June 30, 1996 was \$69,293,888.

**Note 7 - FIREFIGHTERS' RETIREMENT SYSTEM (Continued)**

For the year ended June 30, 1995, the total actuarially required contribution was 8.14% of the total projected covered payroll of members. Contributions received by FRS for the year ended June 30, 1995 provided 16.78% of projected covered payroll.

The actual and statutorily required contribution by the District for the year ended December 31, 1995 was \$8,867, which consisted of \$4,694 as the employer contribution and \$4,173 as the employee contribution. The actuarially required contribution (computed as 8.14% of the projected payroll for employees in FRS) by the District and its employees for the year ended December 31, 1995 is \$4,246, which represents approximately .08% of the total actuarially required contribution of all participating employers and employees for the year ended June 30, 1995.

Detailed information for FRS is presented in its June 30, 1995 financial report. The District does not guarantee the benefits granted by the System.

**Note 8 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 1995:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Roger Dale Dehart	11	\$ 330
Terry Hebert	12	360
Burt Poiencot	12	360
Keith Poiencot	11	330
Al Voisin	12	<u>360</u>
Total		<u>\$1,740</u>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of Terrebonne Parish Fire District No. 10 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 27, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in condition or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the District for the year ended December 31, 1995, we obtained an understanding on the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed

control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
February 27, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of Terrebonne Parish Fire District No. 10 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated February 27, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
February 27, 1996.

**MANAGEMENT LETTER**





**Bourgeois Bennett**

February 27, 1996

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

In connection with our audit of the financial statements of the Terrebonne Parish Fire District No. 10 (the District), as of and for the year ended December 31, 1995, the following item was noted which we would like to bring to your attention.

### **INVESTMENT POLICY**

The District does not have an investment policy as required by Louisiana Revised Statute 33:2955. As a result of House Bill No. 872 Act 1126 of the 1995 Legislative Session, all political subdivisions, shall develop and adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives.

We recommend the District develop and adopt an investment policy. The policy should:

- Reflect the mandate to manage public funds prudently.
- Place appropriate emphasis on the goals of safety of principal first, liquidity second, and yield third.
- Establish internal controls for any derivatives in use to ensure that the risks inherent in derivatives are adequately managed.

We would like to thank Mr. Voisin for the help extended to us during our audit. We shall be glad to answer any questions you may have regarding our recommendations and work with you toward their implementation.

Sincerely yours,

*Edward R. Bouteau*

For the firm.

**COMMUNICATIONS LETTER**



Bourgeois Bennett

## **COMMUNICATIONS WITH BOARD OF COMMISSIONERS**

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

In fulfilling our responsibility as Terrebonne Parish Fire District No. 10 auditors for the year ended December 31, 1995, we are required to communicate to the Board of Commissioners certain matters related to the conduct of our audit.

### **1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS**

Our audit was conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, separate letters have been issued on internal control and compliance with laws and regulations.

### **2) SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted nor required to be adopted for the year ended December 31, 1995.

### **3) SIGNIFICANT AUDIT ADJUSTMENTS**

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments and closing entries were prepared.

This information is intended solely for the use of the Board of Commissioners and management of Terrebonne Parish Fire Protection District No. 10 and should not be used for any other purposes.

Respectfully submitted,

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
February 27, 1996.