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Financial Report

Terrebonne Parish Fire District No. 4-A

Houma, Louisiana

December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, 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 1/12/98

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Terrebonne Parish Fire District No. 4-A

December 31, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Fire District No. 4-A (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1997, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Terrebonne Parish Fire District No. 4-A as of December 31, 1997, 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 our report dated April 11, 1998 on our consideration of Terrebonne Parish Fire District No. 4-A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, La.
April 11, 1998.

COMBINED BALANCE SHEET
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS

Terrebonne Parish Fire District No. 4-A

December 31, 1997

	Governmental Fund Types	
	General	Debt Service
ASSETS AND OTHER DEBITS		
Assets		
Cash	\$ 17,610	\$ -
Investments	188,123	1,380
Receivables - taxes	248,984	20,241
State revenue sharing receivable	5,841	-
Due from Terrebonne Parish		
Consolidated Government	2,270	56,400
Deposits	105	-
Fixed assets	-	-
Other Debits		
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	\$ 462,933	\$ 78,041
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities		
Accounts payable and accrued expenditures	\$ 11,882	\$ -
Claims payable	18,100	-
Deferred revenue	274,433	21,599
Bonds payable	-	-
Total liabilities	304,415	21,599
Equity and Other Credits		
Investment in general fixed assets		
Fund balances:		
Reserved - debt service	-	56,445
Unreserved	158,598	-
Total equity and other credits	158,598	56,445
Total liabilities, equity and other credits	\$ 462,933	\$ 78,041

See notes to financial statements.

<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
\$ -	\$ -	\$ 17,610
-	-	189,516
-	-	269,225
-	-	5,881
-	-	58,680
-	-	105
<u>32,751</u>	-	<u>32,751</u>
-	56,445	56,445
-	<u>13,555</u>	<u>13,555</u>
<u>\$ 32,751</u>	<u>\$ 70,000</u>	<u>\$ 643,728</u>
	\$ -	\$ 11,802
	-	18,000
	-	296,032
	<u>70,000</u>	<u>70,000</u>
	<u>70,000</u>	<u>395,834</u>
\$ 32,751		32,751
-		56,445
-		158,588
<u>32,751</u>		<u>247,784</u>
<u>\$ 32,751</u>	<u>\$ 70,000</u>	<u>\$ 643,728</u>

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

Townhouse Parish River District No. 4-A

For the year ended December 31, 1997

	<u>General</u>	<u>Debt Service</u>	<u>Total (Miscellaneous Only)</u>
Revenues			
Taxes	\$ 253,202	\$ 58,688	\$ 311,890
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,797	-	8,797
Fire insurance tax	9,205	-	9,205
Supplemental pay	11,852	-	11,852
Miscellaneous:			
Interest	13,994	1,613	15,611
Other	1,280	-	1,280
Total revenues	<u>297,510</u>	<u>61,315</u>	<u>358,825</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	1,984	468	2,452
Ad valorem tax deductions	12,064	2,844	14,908
Total general government	<u>14,048</u>	<u>3,312</u>	<u>17,360</u>
Public Safety:			
Personnel services	128,343	-	128,343
Supplies and materials	27,627	-	27,627
Other services and charges	89,289	587	89,876
Repairs and maintenance	42,540	-	42,540
Capital expenditures	1,865	-	1,865
Total public safety	<u>290,568</u>	<u>587</u>	<u>291,155</u>
Debt Service:			
Principal retirement		60,000	60,000
Interest and fiscal charges		10,000	10,000
Total debt service		<u>70,000</u>	<u>70,000</u>
Total expenditures	<u>304,616</u>	<u>73,899</u>	<u>378,515</u>
Deficiency of Revenues Over Expenditures	(7,106)	(12,584)	(19,690)
Fund Balances			
Beginning of year	205,714	68,029	273,743
End of year	<u>\$ 198,608</u>	<u>\$ 55,445</u>	<u>\$ 254,053</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 253,222	\$ 253,202	\$ (20)
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,797	8,797	-
Fire insurance tax	9,205	9,205	-
Supplemental pay	-	11,032	11,032
Miscellaneous:			
Interest	12,000	13,994	1,994
Other	-	1,280	1,280
	<u>283,224</u>	<u>297,510</u>	<u>14,286</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	14,000	1,984	12,016
Ad valorem tax delinquents	12,200	12,064	136
Total general government	<u>26,200</u>	<u>14,048</u>	<u>12,152</u>
Public Safety:			
Personal services	122,264	128,343	(7,079)
Supplies and materials	25,938	27,637	(1,699)
Other services and charges	77,475	89,203	(11,728)
Repairs and maintenance	33,750	42,540	(8,790)
Capital expenditures	89,669	1,865	87,804
Total public safety	<u>349,116</u>	<u>390,588</u>	<u>58,528</u>
Total expenditures	<u>375,316</u>	<u>304,636</u>	<u>70,680</u>
Deficiency of Revenues Over Expenditures	<u>(92,092)</u>	<u>(7,126)</u>	<u>84,966</u>
Fund Balance			
Beginning of year	<u>165,724</u>	<u>165,724</u>	<u>-</u>
End of year	<u>\$ 73,632</u>	<u>\$ 158,598</u>	<u>\$ 84,966</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 4-A**

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Fire District No. 4-A (the District) conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the 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, 1997.

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) Fund Accounting

The District 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

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:

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

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

Account Groups

The **General Fixed Assets Account Group** is used to account for fixed assets not accounted for in proprietary or trust funds. The **General Long-Term Debt Account Group** is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

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 recorded as revenues in the period for which levied, thus the 1997 property taxes which are being levied to finance the 1998 budget will be recognized as revenue in 1998. The 1997 tax levy is recorded as deferred revenue in the District's 1997 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

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

d) Use of Estimates

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

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1305, 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 generally accepted accounting principles.

f) Bad Debts

The financial statements of the District contain no allowance for bad debts. 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 (LAMF). LAMF 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 market value to report net assets to compute share prices if certain conditions are met.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments (Continued)

Investments during the year consisted of U.S. Treasury Notes, Federal Home Loan Bank Discount Notes, Certificates of Deposit and LAMP.

h) Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets 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") 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 fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

i) Long-Term Debt

The accounting and reporting treatment applied to the long-term debt associated with a fund is 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.

Long-term debt expected to be financed from governmental funds is accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The Long-Term Debt 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.

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.

Employees earn 3,693 hours of vacation time on the completion of a pay period. In one year, an employee receives two weeks of vacation time. Vacation time cannot be carried over to the following year and does not accrue. Upon termination or resignation, employees are paid for all accumulated vacation. Vacation time cannot be taken until the employee has been employed with the District for at least three months.

Employees earn 2,145 hours of sick leave on the completion of a pay period. Sick leave may accrue and can be carried over until the following year. Upon termination or resignation, no sick leave is paid. Sick leave cannot be taken until the employee has been employed with the District for at least three months.

There is no material accumulated vacation leave at December 31, 1997.

k) Encumbrances

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

l) Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS AND INVESTMENTS

District monies are held in a cash and investment pool maintained by the Parish and available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash" and "investments."

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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

Bank Deposits:

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 with a trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

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 bank balances of deposits and the carrying amounts as shown on the combined balance sheet are as follows:

	Bank Balances Category			Book Balance
	1	2	3	
Cash	\$18,385	\$ -	\$ -	\$18,385
Investments				
Certificates of deposit	-	-	58,976	58,976
Totals	\$18,385	\$-	\$58,976	\$77,361

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

As previously mentioned, funds are held and invested by the Parish. The Parish has proper pledging to cover funds for the District. As December 31, 1997, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the Parish. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1219 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the District to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA, 1, 2, or 3; repurchase agreements and the State of Louisiana Asset Management Pool.

At year end the carrying amount of investments are as follows:

	<u>Carrying Amount</u>
Investments not subject to categorization:	
Louisiana Asset Management Pool (LAMF)	<u>\$130,540</u>

Investments in the Louisiana Asset Management Pool is not categorized as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

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

Carrying amount of deposits	\$ 78,586
Carrying amount of investments	<u>130,540</u>
Total	<u>\$209,126</u>
Cash	\$ 17,610
Investments	<u>189,516</u>
Total	<u>\$207,126</u>

Note 3 - CLAIMS PAYABLE

There were various lawsuits filed against the District. These cases involved claims for property damages and claims for back wages and benefits. In April 1998, these cases were settled for an amount totaling \$18,100.

Note 4 - 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, 1996. 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, 1997 was \$9.84 per \$1,000 of assessed valuation on property within Fire District No. 4-A for the purpose of maintaining and operating fire protection facilities within the District and \$9.80 per \$1,000 of assessed valuation for the payment of principal and interest. As indicated in Note 1c, taxes levied November 1, 1997 are for budgeted expenditures in 1998 and will be recognized as revenues in 1998.

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January <u>1, 1997</u>	Additions	Deletions	Balance December <u>31, 1997</u>
Building	\$ 3,623	\$ -	\$ -	\$ 3,623
Automobiles	13,894	-	-	13,894
Machinery and equipment	<u>17,179</u>	<u>1,865</u>	<u>3,610</u>	<u>15,434</u>
Totals	<u>\$34,696</u>	<u>\$1,865</u>	<u>\$3,610</u>	<u>\$32,951</u>

Note 5 - CHANGES IN FIXED ASSETS (Continued)

Assets acquired prior to 1994 totaling \$784,900 are included in the General Fixed Assets Account Group of the Parish. The assets as of December 31, 1997 are made up of the following:

Land and building	\$293,790
Automobiles	433,480
Machinery and equipment	43,900
Office furniture and equipment	<u>13,715</u>
Total	<u>\$784,900</u>

There was a deletion of \$15,335 from the machinery and equipment category in the fixed assets for the District held by the Parish in 1997.

Note 6 - CHANGES IN LONG-TERM DEBT

At December 31, 1997, the District had outstanding general obligation bonds totaling \$70,000 bearing interest from 8% to 10% which are repayable through March 1, 1998 primarily from ad valorem tax revenues.

The following is a summary of bond transactions of the District for the year ended December 31, 1997:

Bonds payable at January 1, 1997	\$130,000
Bonds retired	<u>(60,000)</u>
Bonds payable at December 31, 1997	<u>\$ 70,000</u>

The remaining requirement to amortize all long-term debt outstanding at December 31, 1997 is as follows:

Year	Principal	Interest	Total
1998	<u>\$70,000</u>	<u>\$3,500</u>	<u>\$73,500</u>

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Firefighters' Retirement System was established as of January 1, 1980 for the purpose of providing retirement allowances and other benefits as described under Louisiana Revised Statutes 11:2256 through 2259. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits. All full time firefighters or any person in a position as defined in the municipal fire and police civil service system who is employed by Terrebonne Parish Fire District No. 4-A who earns at least three hundred seventy-five dollars per month including state supplemental pay are required to be members of this retirement system. The Firefighters' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Firefighters Retirement System, 2051 Silverado Drive, Suite 210, Baton Rouge, LA 70808-4136.

Funding Policy - The fund is financed by employee and employer contributions together with funds from dedicated insurance premiums taxes as allocated by the Public Retirement Systems' Actuarial Committee. Employee contributions are eight percent (8%) of variable compensation. Net direct employer contributions are nine percent (9%) of variable compensation unless the funds allocated from dedicated taxes are insufficient to provide the actuarially required contributions or the actuarially required contributions are less than 9%.

The contribution requirements of plan members and the District are established and may be amended by the Firefighters' Retirement System Board of Trustees. The District's contributions to Firefighters' Retirement System for the years ending December 31, 1997, 1996 and 1995 were \$6,814, \$7,413 and \$6,044, respectively, equal to the required contributions for each year.

Note 8 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 1997:

Board Members	Number of Meetings Attended	Per Diem
Paul Ausoin	8	\$240
Cheryl Blanchard	6	-*
Willie Bourdoin	8	240
Cheryl Byers	6	-*
Angie Falgout	8	240
Total		<u>\$720</u>

* Cheryl Blanchard and Cheryl Byers waived their rights to receive a per diem.

Note 9 - LEASE COMMITMENTS

The District has two operating leases. These operating leases are for property and buildings. Rental expense for the above leases for the year ended December 31, 1997 totaled \$301. The minimum annual commitments under operating leases are as follows:

Fiscal year:	
1998	\$ 301
1999	301
2000	301
2001	301
2002	301
Thereafter	<u>752</u>
Total	<u>\$3,257</u>

Note 10 - SUPPLEMENTAL PAY

In addition to the compensation paid to Terrebonne Parish Fire District No. 4-A employees, firemen may be eligible to receive supplemental pay. Each type of employee is governed by their particular revised statute. 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 fire districts are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

Note 10 - SUPPLEMENTAL PAY (Continued)

As of December 31, 1997, the District has recognized revenue and expenditures of \$11,032 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - RISK MANAGEMENT

The District participates in the Parish's risk management internal service funds for workers' compensation and group insurance. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The premiums for group insurance is based on a fixed rate per employee. 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>
Workers' Compensation Group	Statutory \$1,125,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,481,697 for workers' compensation and \$3,683,662 for group insurance at December 31, 1996, then secondly by the District and other participating funds and agencies. At December 31, 1997, the District had no claims in excess of the above coverage limits.

Note 12 - CHANGE FOR NEW PRONOUNCEMENT

Effective January 1, 1997, the District retroactively changed its method of stating investments in its financial statements to conform with the recent pronouncement of the Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under the new accounting method, investments are stated at market value. There is no cumulative effect of applying the new pronouncement.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana

We have audited the general-purpose financial statements of the Terrebonne Parish Fire District No. 4-A (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 11, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose 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 general-purpose 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. However, this report is a matter of public record and its distribution is not limited.

Bouguier Bennett, L.L.C.

Certified Public Accountants

Monroe, La.,
April 11, 1998.

SCHEDULE OF FINDINGS

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 1997

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

b) Federal Awards

Terrebonne Parish Fire District No. 4-A did not receive federal awards during the year ended December 31, 1997.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1997.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 1996.
No reportable conditions were reported during the audit for the year ended December 31, 1996.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1996.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not receive federal awards during the year ended December 31, 1996.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1996.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 1997. No reportable conditions were reported during the audit for the year ended December 31, 1997.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1997.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not receive federal awards during the year ended December 31, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.

COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the general-purpose financial statements of Terrebonne Parish Fire District No. 4-A (the District) for the year ended December 31, 1997, and have issued our report thereon dated April 11, 1998. Professional standards require that we provide you with the following information related to our audit.

1) OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general-purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the 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 tests was not to provide an opinion on compliance with such provisions.

2) SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the general-purpose financial statements. During 1997, the District adopted Governmental Accounting Standards Board

3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools. No other existing policies were changed during 1997. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3) ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the general-purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general-purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements relate to accounts receivable and valuation of accrued expenditures. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. Management has provided us with representations concerning estimates.

4) SIGNIFICANT AUDIT ADJUSTMENTS

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments were prepared and provided to management.

This information is intended solely for the use of the Board of Commissioners and management of Terrebonne Parish Fire District No. 4-A and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Burgess Bennett, LLC.

Certified Public Accountants.