



Financial Report
Terrebonne Parish Fire District No. 7
Charvin, Louisiana
December 31, 1996

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Release Date July 18 1997

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

Terrebonne Parish Fire District No. 7

December 31, 1996

	Governmental Fund Types	
	<u>General</u>	<u>Debt Service</u>
Assets		
Cash	\$ 11,758	\$ -
Investments	294,948	43,637
Receivables - taxes	352,447	35,031
State revenue sharing receivable	19,281	-
Fixed assets	-	-
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Totals	<u>\$ 678,434</u>	<u>\$ 78,668</u>
Liabilities		
Accounts payable and accrued expenditures	\$ 7,200	\$ -
Deferred revenue	283,648	35,859
Due to Terrebonne Parish		
Consolidated Government	3,616	-
Bonds payable	-	-
Total liabilities	<u>294,464</u>	<u>35,859</u>
Fund Equity and Other Credits		
Investment in general fixed assets		
Fund balances:		
Reserved - debt service	-	43,629
Unreserved	283,970	-
Total fund balances	<u>283,970</u>	<u>43,629</u>
Total fund equity and other credits	<u>283,970</u>	<u>43,629</u>
Totals	<u>\$ 678,434</u>	<u>\$ 78,668</u>

See notes to financial statements.

Account Groups		Total (Memorandum Only)
General Fixed Assets	General Long-Term Debt	
\$ -	\$ -	\$ 11,758
-	-	138,605
-	-	383,478
-	-	19,281
43,277	-	43,277
-	43,629	43,629
-	76,371	76,371
<u>\$ 43,277</u>	<u>\$ 120,000</u>	<u>\$ 920,989</u>
	\$ -	\$ 7,200
	-	416,763
	-	5,616
	<u>120,000</u>	<u>120,000</u>
	<u>120,000</u>	<u>540,525</u>
<u>\$ 43,277</u>		<u>43,277</u>
		43,629
		<u>383,570</u>
		<u>327,539</u>
<u>43,277</u>		<u>370,836</u>
<u>\$ 43,277</u>	<u>\$ 120,000</u>	<u>\$ 920,989</u>

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

Terrebonne Parish Fire District No. 7

For the year ended December 31, 1998

	<u>General</u>	<u>Debt Service</u>	<u>Total (Miscellaneous Only)</u>
Revenues			
Taxes	\$ 302,150	\$ 40,489	\$ 342,641
Intragovernmental:			
State of Louisiana:			
State coverage sharing	26,814	-	26,814
Fire insurance tax	14,462	-	14,462
Supplemental pay	15,108	-	15,108
Miscellaneous:			
Interest	21,866	2,344	24,110
Other	1,446	-	1,446
Total revenues	<u>381,848</u>	<u>42,733</u>	<u>424,581</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	3,008	403	3,411
Ad valorem tax deductions	14,340	1,849	16,189
Total general government	<u>17,348</u>	<u>2,252</u>	<u>19,600</u>
Public Safety:			
Personnel services	162,050	-	162,050
Supplies and materials	44,899	-	44,899
Other services and charges	60,957	600	60,957
Repairs and maintenance	8,036	-	8,036
Capital expenditures	12,771	-	12,771
Total public safety	<u>288,413</u>	<u>600</u>	<u>289,513</u>
Debt Service:			
Principal retirement		30,600	30,600
Interest and fiscal charges		<u>9,675</u>	<u>9,675</u>
Total debt service		<u>39,675</u>	<u>39,675</u>
Total expenditures	<u>306,961</u>	<u>42,127</u>	<u>349,088</u>
Excess of Revenues over Expenditures	74,887	606	75,493
Fund Balances			
Beginning of year	209,083	43,623	252,706
End of year	<u>\$ 283,970</u>	<u>\$ 43,629</u>	<u>\$ 327,599</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. 7

For the year ended December 31, 1990

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 301,729	\$ 300,152	\$ 423
Intergovernmental:			
State of Louisiana:			
State revenue sharing	26,814	36,814	-
Fire insurance tax	14,750	14,402	(288)
Supplemental pay	-	15,108	15,108
Miscellaneous:			
Interest	21,845	21,806	21
Other	1,787	1,446	(331)
Total revenues	<u>366,935</u>	<u>383,848</u>	<u>14,913</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	5,580	3,008	2,572
Ad valorem tax deduction	<u>15,968</u>	<u>14,540</u>	<u>1,428</u>
Total general government	<u>21,548</u>	<u>17,548</u>	<u>3,992</u>
Public Safety:			
Personal services	144,300	162,099	(17,799)
Supplies and materials	21,501	44,899	(23,398)
Other services and charges	60,006	68,857	(8,851)
Repairs and maintenance	13,029	8,636	4,393
Capital expenditures	<u>89,648</u>	<u>12,971</u>	<u>76,677</u>
Total public safety	<u>328,484</u>	<u>307,462</u>	<u>31,022</u>
Total expenditures	<u>350,032</u>	<u>325,010</u>	<u>25,022</u>
Excess of Revenues Over Expenditures	<u>\$ 16,903</u>	<u>78,837</u>	<u>\$ 58,376</u>
Fund Balance			
Beginning of year		209,083	
End of year		<u>\$ 287,920</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Fire District No. 7

December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Terrebonne Parish Fire District No. 7 (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain 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, 1996.

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.

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 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.

Ad valorem taxes for the 1996 tax roll became due on November 15, 1996 and become delinquent on December 31st. These taxes are levied to finance the budget for the 1997 year and will be recorded in 1997 as 1997 revenues.

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 1996 property taxes which are being levied to finance the 1997 budget are recorded as revenue for the 1997 fiscal year. The 1996 tax levy is recorded as deferred revenue in the District's 1996 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

e) Bad Debts

The financial statements for 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 Parish.

f) Investments

Investments are stated at cost, which approximates market.

g) General 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") general fixed assets consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) General Fixed Assets (Continued)

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.

h) Long-Term Debt

The accounting and reporting treatment applied to the long-term debt 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 used to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are 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.

i) Vacation and Sick Leave

Terrebonne Parish Fire District No. 7 employees have to wait a year before having a vacation. After a year, new employees have one week of vacation. After completing two full years, employees receive two weeks vacation. Vacation time is logged by the Chief of the Department. There is no accumulated vacation for the District at December 31, 1996.

Terrebonne Parish Fire District No. 7 has adopted the basic requirement by law for sick leave. 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 indolence 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 worker's compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Vacation and Sick Leave (Continued)

may have occurred while he was off duty. Firmeren are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firmeren who is not a regular or permanent firmeren is not entitled to sick leave benefits provided by the district. There is no accumulated sick leave for the District as of December 31, 1996.

j) Encumbrances

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

k) Total Columns on Combined Statements - Overview

The total columns on the combined statements - overview are captioned memorandums 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

The Parish maintains a cash and investment pool that is 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."

Bank Deposits:

State law requires deposits (cash and certificates of deposits) of all political subdivisions 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.

Note 2 - CASH 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.

At year end the carrying amount and the book balances of deposits are as follows:

	<u>Book Balances</u>			<u>Book Balance</u>
	<u>Category</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	
Cash	\$14,683	\$ -	\$ -	\$ 14,758
Certificates of deposit	-	-	156,339	156,339
Totals	\$14,683	\$ -	\$156,339	\$168,338

As mentioned previously, funds are held and invested by the Parish who has proper pledging to cover funds for the District. At December 31, 1996, 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 29:1229 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.

Note 2 - CASH AND INVESTMENTS (Continued)

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the county's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities held by the county or by its trust department or agent, but not in the District's name, uninsured and unregistered.

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

	<u>Risk Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Treasury Notes	\$ -	\$ -	\$ 9,400	\$ 9,400	\$ 9,428
Student Loan Marketing Association Notes	-	-	76,846	76,846	76,246
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$82,246</u>	<u>86,246</u>	<u>\$85,674</u>
Investments not subject to categorization:					
Louisiana Asset Management Pool (LAMP)				95,802	95,802
Total investments				<u>\$182,048</u>	<u>\$182,082</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.

Note 2 - CASH AND INVESTMENTS (Continued)

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

Carrying amount of deposits	\$168,308
Carrying amount of investments	<u>182,052</u>
Total	<u>\$350,360</u>
Cash	\$ 81,758
Investments	<u>238,602</u>
Total	<u>\$350,360</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 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 revaluation of all property is required to be completed no less than every four years. The last revaluation 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, 1996 was \$16.50 per \$1,000 of assessed valuation on property within Fire District No. 7 for the purpose of maintaining and operating fire protection facilities within the District and \$1.64 per \$1,000 of assessed valuation for the payment of principal and interest. As indicated in Note 1c, taxes levied November 1, 1996 are for budgeted expenditures in 1997 and will be recognized as revenues in 1997.

Note 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January <u>1, 1996</u>	Additions	Balance December <u>31, 1996</u>
Machinery and equipment	\$10,454	\$4,623	\$15,079
Building	-	2,073	2,073
Office furniture, fixtures and equipment	4,278	-	4,278
Automobiles	<u>21,845</u>	<u>-</u>	<u>21,845</u>
Totals	<u>\$36,577</u>	<u>\$6,700</u>	<u>\$43,277</u>

Assets acquired prior to 1996 totaling \$736,822 are included in the General Fixed Assets Account Group of the Parish. These assets as of December 31, 1996 are made up of the following:

Land and building	\$428,995
Automobiles	365,119
Machinery and equipment	35,283
Office furniture and equipment	<u>7,325</u>
Total	<u>\$736,822</u>

There was no change in fixed assets for the District held by the Parish in 1996.

Note 5 - LONG-TERM DEBT

At December 31, 1996, the District had outstanding general debt bonds totaling \$120,000 bearing interest from 6% to 7 1/8% which are repayable through March 1, 2000 primarily from ad valorem tax revenues.

The following is a summary of bond transactions of the District for the year ended December 31, 1996:

Bonds payable at January 1, 1996	\$150,000
Bonds retired	<u>(20,000)</u>
Bonds payable at December 31, 1996	<u>\$120,000</u>

Note 5 - LONG-TERM DEBT (Continued)

The remaining requirements to amortize all long-term debt outstanding at December 31, 1996 are as follows:

Year	Principal	Interest	Total
1997	\$ 30,000	\$ 7,575	\$ 37,575
1998	30,000	5,438	35,438
1999	30,000	3,283	33,283
2000	<u>30,000</u>	<u>1,088</u>	<u>31,088</u>
Totals	<u>\$120,000</u>	<u>\$17,384</u>	<u>\$137,384</u>

Note 6 - 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 2258. 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. 7 who earns at least three hundred seventy-five dollars per month excluding 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 Silverdale Drive, Suite 210, Baton Rouge, LA 70808-4138.

Funding Policy - The fund is financed by employee and employer contributions together with funds from dedicated insurance premium taxes as allocated by the Public Retirement Systems' Actuarial Committee. Employee contributions are eight percent (8%) of taxable compensation. Net direct employer contributions are nine percent (9%) of taxable 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, 1996, 1995 and 1994 were \$9,539, \$8,768 and \$8,994, respectively, equal to the required contributions for each year.

Note 7 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The District provides for the payment of hospitalization and life insurance premiums for two retired employees. The District also provides for dependent coverage for its retired employees. The cost of providing this benefit is recognized as an expenditure as premiums are paid. For the year ended December 31, 1996, those costs amounted to \$8,434.

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service of these employees. The average employee age and service years are not available. At December 31, 1996, the average hospitalization and life insurance costs per retired employee were approximately \$703 per month.

Note 8 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 1996:

Board Members	Number of Meetings Attended	Per Diem
Ricky Price	5	\$ 150
Rully Laffont	9	270
Chester Lapeyrouse	10	300
Melvin Duplantier	10	300
Allen Robinson	7	210
Total		\$1,230

Note 9 - SUPPLEMENTAL PAY

In addition to the compensation paid to Terrebonne Parish Consolidated Government's (the Parish) 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 33:2802, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986 and who has passed a certified fireman'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

Note 9 - SUPPLEMENTAL PAY (Continued)

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 fireman's training program but are hired after March 31, 1986. State supplemental pay for fire fighters must be taken into account in calculating fire fighters 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.

As of December 31, 1996, the District has recognized revenue and expenditures for \$15,108 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 10 - RISK MANAGEMENT

The District participates in Terrebonne Parish's (oversight entity) risk management (incentive) service funds for general liability and workers compensation. The District's premiums for general liability is based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers compensation is based on a fixed percentage of payroll. Terrebonne Parish handles all claims filed against the District. The District does not have any additional exposure unless the claims exceed the Parish's insurance contracts.

Note 11 - SUBSEQUENT EVENT

The District purchased a fire truck in January 1997 for \$179,956. The fire truck was purchased through a capital lease which will include seven payments in arrears at 5.77% per annum. A down payment of \$50,000 was given and the remaining \$129,956 was leased through the year 2004.



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. 7,
Charvin, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Fire District No. 7 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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, 1996, 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.

Bourgeois Bennett, LLC

Certified Public Accountants

Houma, La.,
April 21, 1997.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE 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. 7,
Coushatta, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Fire District No. 7 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 21, 1997.

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.

Bourgeois Bennett, LLC

Certified Public Accountants

Houma, La.,
 April 21, 1997.

Certified Public Accountants
Bourgeois & Bennett
A Louisiana Limited Liability Partnership

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COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,
Terrebonne Parish Fire Protection District No. 7
Chauvin, Louisiana.

In fulfilling our responsibility as Terrebonne Parish Fire Protection District No. 7 auditors for the year ended December 31, 1996, 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. There were no new accounting policies adopted nor required to be adopted for the year ended December 31, 1996.

3) SIGNIFICANT AUDIT ADJUSTMENT

We did not initiate any significant audit adjustment during our recent audit.

This information is intended solely for the use of the Board of Commissioners and management of Terrebonne Parish Fire District No. 7 and should not be used for any other purpose.

Bourgeois Bennett, LLC.

Certified Public Accountants

Houma, La.,
April 21, 1997.