

To the Members of Department,
Bayou Black Volunteer Fire Company, Inc.
Fire Insurance Rebate Account,
Houma, Louisiana

November 13, 1996

Page 2

This information is intended solely for use by the members of the Department and management of Bayou Black Volunteer Fire Company, Inc. and should not be used for any other purpose.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
November 13, 1996.



State of Louisiana

COMMUNICATIONS WITH MEMBERS OF THE DEPARTMENT

To the Members of the Department,
Bayou Black Volunteer Fire Company, Inc.,
Fire Insurance Rebate Account,
Houma, Louisiana.

In fulfilling our responsibility as Bayou Black Volunteer Fire Company, Inc., - Fire Insurance Rebate Account auditors for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1993 and 1994, we are required to communicate to the Members of the Department certain matters related to the conduct of our audit.

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

Except as discussed in the following paragraph, 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 general purpose financial statements are free of material misstatements.

The Account did not adopt an annual budget for the years ended December 31, 1993 and 1994 as required by Louisiana Revised Statutes. Thus, statements of revenues, expenditures and changes in fund balances-budget and actual for the Account are not presented for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1993 and 1994.

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 twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1993 and 1994.

3) **SIGNIFICANT AUDIT ADJUSTMENTS**

We did not indicate any significant audit adjustments during our recent examination.

COMMUNICATIONS LETTER



Louisiana Department of Fire Safety

November 13, 1996

To the Members of the Department,
Bayou Black Volunteer Fire Company, Inc.
Fire Insurance Rebate Account,
Houma, Louisiana.

In connection with our audit of the general purpose financial statements of the Bayou Black Volunteer Fire Company, Inc. - Fire Insurance Rebate Account (the Account), as of December 31, 1995, and for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1993 and 1994, we would like to bring the following items to your attention.

ACCOUNTING RECORDS

The Account's cash receipts and disbursements journal is not mathematically correct and the entries do not appear to be complete. However, the balance at December 31, 1995 agrees to the bank statement. Original bank statements for March 1994 and September 1995 could not be located. Copies of these statements were requested by the Account's management and furnished by the bank.

We recommend that the Account update its cash receipts and disbursements journal on a monthly or quarterly basis. All bank statements should be retained by the Account's management.

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

Very truly yours,

Edward R. Boutone

For the firm.

MANAGEMENT LETTER

2. (Continued)

Recommendation - We recommend that the Account comply with these provisions of state law.

Response - The Board of Directors of the Bayou Black Volunteer Fire Company, Inc. voted in December 1996 to transfer asset/liability responsibility for the Account to the Terrebonne Parish Consolidated Government. We believe that all budget requirements regarding the Account will be achieved at Terrebonne Parish Consolidated Government.

We considered these instances of noncompliance in forming our opinion on whether the Account's general purpose financial statements as of December 31, 1995, and for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1995 and 1994 are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated November 13, 1996, on these financial statements.

This report is intended for the information of 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants

Hotchkiss, La.,
November 13, 1996.

1. (Continued)

Recommendation - We recommend that the Account request an audit in a timely manner.

Response - The Board of Directors of the Bayou Black Volunteer Fire Company, Inc. voted in December 1996 to transfer custodial responsibility for the Account to the Terrebonne Parish Consolidated Government. We believe that Terrebonne Parish Consolidated Government's audit, which will include the Account, will be issued in compliance with Louisiana Revised Statute 24:513.

2. **Condition** - A budget was not prepared for the years 1995 and 1994.

Criteria - Louisiana Revised Statutes require all political subdivisions to prepare budgets for their general and special revenue funds. The budget document setting forth the proposed financial plan must include the following:

- A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies and objectives of the Account.
- A consolidated statement showing the estimated fund balance at the beginning of the year, estimates of all receipts and revenues to be received, expenditures itemized by function and estimated fund balance at the end of the fiscal year.

The budget must be accompanied by the proposed budget adoption instrument. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority.

The total of proposed expenditures must not exceed the total of estimated funds available for the ensuing fiscal year.

The proposed budget must be completed and submitted to the governing authority no later than 45 days prior to the beginning of each fiscal year. All action necessary to adopt and finalize the budget for the ensuing fiscal year must be taken in an open meeting and completed prior to the end of the fiscal year in progress. The adopted budget must contain the same information as that required for the proposed budget.

The administrative officer must advise the governing authority when actual revenues are less than budgeted revenues by five percent or more, and actual expenditures exceed budgeted expenditures by five percent or more. The governing authority should adopt budget amendments in an open meeting to reduce these variances.

Effect - The effect of not adopting a budget is non-compliance with state law.



George A. Brown

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

To the Members of the Department,
Bayou Black Volunteer Fire Company, Inc.,
Fire Insurance Rebate Account,
Houma, Louisiana.

We have audited the general purpose financial statements of Bayou Black Volunteer Fire Company, Inc. - Fire Insurance Rebate Account (the Account), as of December 31, 1995, and for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1993 and 1994, and have issued our report thereon dated November 13, 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 Account is the responsibility of the Account'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 Account'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 the following instances of noncompliance that are required to be reported herein under Governmental Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Account's financial statements as of December 31, 1995, and for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1993 and 1994.

1. Condition - The Account's audit was issued after the six month statutory issue date.

Criteria - Louisiana Revised Statute 24:913 requires public entities to submit their audited financial statements to the Legislative Auditor within six months after the close of their fiscal year.

Effect - The effect of the late submission is a material non-compliance with state law.

We noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Condition - All accounting functions of the Account are performed by the treasurer.

Recommendation - We recommend that bank statements be received unopened by someone other than the treasurer and bank reconciliations be approved by the same person receiving the unopened bank statements with the approval evidenced in writing.

Response - The Board of Directors of the Bayou Black Volunteers Fire Company, Inc. voted in December 1996 to transfer custodial responsibility for the Account to the Terrebonne Parish Consolidated Government. We believe that adequate segregation of duties will be achieved at Terrebonne Parish Consolidated Government.

A material weakness is a reportable condition in which the design or operation of one or more of internal control 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the above matter involving internal control and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the general purpose financial statements of the Account for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1995 and 1996.

We also noted other matters involving internal control and its operation that we have reported to the management of the Account, in a separate letter dated November 13, 1996.

This report is intended for the information of management, the State of Louisiana and the Legislative Auditors for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
November 13, 1996.



Georgian Banner

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

To the Members of the Department,
Bayou Black Volunteer Fire Company, Inc.,
Fire Insurance Rebate Account,
Broussard, Louisiana.

We have audited the general purpose financial statements of Bayou Black Volunteer Fire Company, Inc. - Fire Insurance Rebate Account (the Account), as of December 31, 1995, and for the twenty-four month period ended December 31, 1995 and for the twelve month periods ended December 31, 1995 and 1994, and have issued our report thereon dated November 13, 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 Account is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control 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, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions 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 Account for the twelve month periods ended December 31, 1995 and 1994, we obtained an understanding of internal control. With respect to internal control, 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 financial statements and not to provide an opinion on internal control. Accordingly, we do not express such an opinion.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

The Governmental Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Note 2 - BUDGET

The Account did not adopt a budget for the years ended December 31, 1995 and 1994, which is a violation of Louisiana Revised Statute 29:1303.

Note 3 - ECONOMIC DEPENDENCY

The Account receives its revenue from funds provided by State of Louisiana, Department of Treasury, Act 795, Fire Insurance Rebate as passed through to the Terrebonne Parish Consolidated Government. The rebate amounts are appropriated each year by the State of Louisiana based on population. If significant cuts are made at the state level the amount of the funds the Account receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Account will receive in the next fiscal year.

Note 4 - SUBSEQUENT EVENT

In order to gain greater operational efficiencies the Board of Directors of the Bayou Black Volunteer Fire Company, Inc. voted in December 1996 to transfer custodial responsibility for the Account to the Terrebonne Parish Consolidated Government. Management of the Fire Company does not anticipate any significant effects on the general purpose financial statements of the Account as a result of the transfer.

NOTES TO FINANCIAL STATEMENTS

Bayou Black Volunteer Fire Company, Inc. Fire Insurance Rebate Account

December 31, 1995

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Bayou Black Volunteer Fire Company, Inc. - Fire Insurance Rebate Account (the Account), conform to generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant accounting policies:

a) Reporting Entity

Bayou Black Volunteer Fire Company, Inc. (the Fire Company) is organized as a non-profit, quasi-governmental corporation to provide fire protection to the Parish of Terrebonne. The Account is an account of the Fire Company used to account for the proceeds from the State of Louisiana fire insurance rebate.

b) Fund Structure

The accounting system is organized and operated on a fund basis whereby a separate, self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The fund is grouped in the financial statements in this report as follows:

Governmental Fund

Special Revenue Fund - Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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.

**STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE**

**Hayou Black Volunteer Fire Company, Inc.
Fire Insurance Rebate Account**

For the twenty-four month period ended December 31, 1995 and
twelve month periods ended December 31, 1995 and 1994

	<u>Special Revenue Fund</u>		
	<u>Twenty- four months ended December 31, 1995</u>	<u>Twelve months ended December 31, 1995</u>	<u>Twelve months ended December 31, 1994</u>
Revenues			
Intergovernmental:			
State of Louisiana:			
Insurance rebate	\$ 13,486	\$ 7,097	\$ 6,399
Use of money and property-interest earned	<u>1,234</u>	<u>710</u>	<u>524</u>
Total revenues	14,720	7,807	6,923
 Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of Revenues Over Expenditures	14,720	7,807	6,923
 Fund Balances			
Beginning of year	<u>25,467</u>	<u>32,390</u>	<u>25,467</u>
End of year	<u>\$ 40,187</u>	<u>\$ 40,197</u>	<u>\$ 32,390</u>

See notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUND TYPE**Bayou Black Volunteer Fire Company, Inc.
Fire Insurance Rebate Account**

December 31, 1995

	<u>Special Revenue Fund</u>
Assets	
Cash	\$ 33,000
Due from Terrebonne Parish Consolidated Government	<u>7,097</u>
Total	<u>\$ 40,097</u>
Fund Balance	<u>\$ 40,097</u>

See notes to financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated November 13, 1996 on our consideration of the Bayou Black Volunteer Fire Company, Inc. - Fire Insurance Rebate Account's internal control and a report dated November 13, 1996 on its compliance with laws and regulations.

The general purpose financial statements present only the Fire Insurance Rebate Account fund referred to above and do not include the assets, liabilities, and fund balances and revenues and expenses that are recorded in other funds of Bayou Black Volunteer Fire Company, Inc. Accordingly, the accompanying general purpose financial statements are not intended to present the financial position of Bayou Black Volunteer Fire Company, Inc. as of December 31, 1995 and the results of its operations and changes in fund balance for the twenty-four month period then ended, and for the twelve month periods ended December 31, 1995 and 1996 in conformity with generally accepted accounting principles.

Bougein Bennett, L.L.C.

Certified Public Accountants.

Houston, La.,
November 13, 1996.

TABLE OF CONTENTS

Bayou Black Volunteer Fire Company, Inc. Fire Insurance Rebate Account

December 31, 1985

	Page Number
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii
FINANCIAL SECTION	
Independent Auditor's Report	1
General Purpose Financial Statements	
Exhibits	
1 - Balance Sheet - Governmental Fund Type	3
2 - Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type	4
3 - Notes to Financial Statements	3
SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS	
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	7
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	9

8366

OFFICIAL
FILE COPY
DO NOT SEND OUT

Items Occurring
HEREIN from the
City and Parish
BAGB or T&E

12 20 1995
11: 24

Financial Report

*Bayou Black Volunteer Fire Company, Inc.
Fire Insurance Rebate Account*

Houma, Louisiana

December 31, 1995

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the council, or reviewed, orally and when 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 MSB 2 0 1997