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Financial Report
Terrebonne Parish Fire District No. 4-A
Houma, Louisiana
December 31, 1996

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, as required, and other appropriate public officials. The report is available for public inspection at the Bureau Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date Jan 23 1997

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Terrebonne Parish Fire District No. 4-A

December 31, 1996

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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, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Fire District No. 4-A as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 18, 1997, on our consideration of the Terrebonne Parish Fire District No. 4-A's internal control structure and a report dated April 18, 1997 on its compliance with laws and regulations.

Bourgeois Bennett, LLC.

Certified Public Accountants

Houma, La.
April 18, 1997.

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

Terrebonne Parish Fire District No. 4-A

December 31, 1996

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Debt Service</u>
Assets		
Cash	\$ 22,806	\$ -
Investments	163,661	69,030
Receivables - taxes	252,578	59,551
State revenue sharing receivable	5,865	-
Deposits	105	-
Fixed assets	-	-
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Totals	<u>\$ 445,015</u>	<u>\$ 128,581</u>
Liabilities		
Accounts payable and accrued expenditures	\$ 11,415	\$ -
Deferred revenue	261,377	58,552
Due to Terrebonne Parish Consolidated Government	6,499	-
Bonds payable	-	-
Total liabilities	<u>279,291</u>	<u>58,552</u>
Fund Equity and Other Credits		
Investment in general fixed assets		
Fund balances:		
Reserved - debt service	-	69,029
Unreserved	165,724	-
Total fund balances	<u>165,724</u>	<u>69,029</u>
Total fund equity and other credits	<u>165,724</u>	<u>69,029</u>
Totals	<u>\$ 445,015</u>	<u>\$ 128,581</u>

See notes to financial statements.

Account Groups		Total (Memorandum Only)
General Fixed Assets	General Long-Term Debt	
\$ -	\$ -	\$ 22,886
-	-	230,691
-	-	312,029
-	-	5,863
-	-	885
34,496	-	34,496
-	69,029	69,029
-	60,971	60,971
<u>\$ 34,496</u>	<u>\$ 130,000</u>	<u>\$ 738,932</u>
	\$ -	\$ 11,413
	-	120,928
	-	6,488
	<u>130,000</u>	<u>130,000</u>
	<u>130,000</u>	<u>468,843</u>
<u>\$ 34,496</u>		<u>34,496</u>
		69,029
		<u>165,704</u>
		<u>234,753</u>
<u>34,496</u>		<u>269,249</u>
<u>\$ 34,496</u>	<u>\$ 130,000</u>	<u>\$ 738,932</u>

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 1996

	General	Debt Service	Total (Memorandum Only)
Revenues			
Taxes	\$ 289,900	\$ 64,619	\$ 314,519
Intergovernmental:			
State of Louisiana			
State revenue sharing	8,067	-	8,067
Fire insurance tax	8,983	-	8,983
Supplemental pay	9,382	-	9,382
Miscellaneous - interest	14,032	3,643	17,675
Total revenues	<u>290,564</u>	<u>68,262</u>	<u>358,826</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	4,087	1,054	5,141
Ad valorem tax deductions	12,028	3,781	15,809
Total general government	<u>16,115</u>	<u>4,835</u>	<u>20,950</u>
Public Safety:			
Personal services	133,484	-	133,484
Supplies and materials	14,436	-	14,436
Other services and charges	60,913	586	61,499
Repairs and maintenance	20,592	-	20,592
Capital expenditures	3,623	-	3,623
Total public safety	<u>233,047</u>	<u>586</u>	<u>233,633</u>
Debt Service:			
Principal retirement		55,000	55,000
Interest and fiscal charges		15,613	15,613
Total debt service		<u>70,613</u>	<u>70,613</u>
Total expenditures	<u>249,562</u>	<u>75,554</u>	<u>325,116</u>
Excess (Deficiency) of Revenues Over Expenditures	41,002	(7,292)	33,710
Fund Balances			
Beginning of year	124,722	76,323	201,045
End of year	<u>\$ 165,724</u>	<u>\$ 69,031</u>	<u>\$ 234,755</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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 263,500	\$ 249,900	\$ (13,600)
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,000	8,067	67
Fire insurance tax	9,000	8,983	(17)
Supplemental pay	-	9,582	9,582
Miscellaneous - interest	<u>6,000</u>	<u>14,932</u>	<u>8,932</u>
Total revenues	<u>288,500</u>	<u>283,564</u>	<u>- 4,936</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	14,000	4,887	9,113
Ad valorem tax deductions	<u>13,900</u>	<u>12,828</u>	<u>1,072</u>
Total general government	<u>27,900</u>	<u>17,715</u>	<u>10,185</u>
Public Safety:			
Personal services	121,109	133,484	(12,375)
Supplies and materials	30,000	14,436	15,564
Other services and charges	62,700	60,912	1,788
Repairs and maintenance	42,000	29,992	12,008
Capital expenditures	<u>27,500</u>	<u>3,623</u>	<u>23,877</u>
Total public safety	<u>283,309</u>	<u>332,447</u>	<u>- 49,138</u>
Total expenditures	<u>310,209</u>	<u>349,562</u>	<u>- 39,353</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(21,709)</u>	<u>41,002</u>	<u>62,711</u>
Fund Balance			
Beginning of year	<u>124,722</u>	<u>124,722</u>	<u>-</u>
End of year	<u>\$ 103,013</u>	<u>\$ 165,724</u>	<u>\$ 62,711</u>

See notes to financial statements.

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

December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Terrebonne Parish Fire District No. 4-A (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 become 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 revenue.

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 did not amend its budget 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 Funds.

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 said 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

Accumulated vacation and sick leave are 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 till 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Vacation and Sick Leave (Continued)

There is no material accumulated vacation leave at December 31, 1996.

i) Encumbrances

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

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.

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.

Note 2 - CASH AND INVESTMENTS (Continued)

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	\$21,912	\$ -	\$ -	\$ 22,000
Certificates of deposit	-	-	106,387	106,387
Totals	<u>\$21,912</u>	<u>\$ -</u>	<u>\$106,387</u>	<u>\$128,387</u>

As previously mentioned, funds are held and invested by the Parish. The Parish has proper pledging to cover funds for the District. At December 31, 1998, 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 39:1229 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.

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

Note 2 - CASH AND INVESTMENTS (Continued)

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 counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities held by the counterparty 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	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,500</u>	\$ 2,500	\$ 2,507
Investments not subject to categorization:					
Louisiana Asset Management Pool (LAMMP)				<u>123,808</u>	<u>123,808</u>
Total investments				<u>\$126,308</u>	<u>\$126,315</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	\$129,199
Carrying amount of investments	<u>138,304</u>
Total	<u>\$255,457</u>
Cash	\$ 33,806
Investments	<u>222,621</u>
Total	<u>\$255,457</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 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, 1996 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 \$2.32 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>	<u>Additions</u>	Balance December <u>31, 1996</u>
Automobiles	\$13,694	\$ -	\$13,694
Building	-	3,623	3,623
Machinery and equipment	<u>17,179</u>	-	<u>17,179</u>
Totals	<u>\$30,873</u>	<u>\$3,623</u>	<u>\$34,496</u>

Assets acquired prior to 1994 totaling \$800,658 are included in the General Fixed Assets Account Group of the Parish. The assets as of December 31, 1996 are made up of the following:

Land and building	\$281,790
Automobiles	433,493
Machinery and equipment	59,660
Office furniture and equipment	<u>13,715</u>
Total	<u>\$800,658</u>

Note 4 - CHANGES IN GENERAL FIXED ASSETS (Continued)

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

Note 5 - LONG-TERM DEBT

At December 31, 1995, the District had outstanding general debt bonds totaling \$150,000 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, 1996:

Bonds payable at January 1, 1996	\$185,000
Bonds retired	<u>(55,000)</u>
Bonds payable at December 31, 1996	<u>\$130,000</u>

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

Year	Principal	Interest	Total
1997	\$ 60,000	\$10,000	\$ 70,000
1998	<u>70,000</u>	<u>3,500</u>	<u>73,500</u>
Totals	<u>\$130,000</u>	<u>\$13,500</u>	<u>\$143,500</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 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 Silverstone Drive, Suite 210, Baton Rouge, LA 70808-4116.

Note 6 - DEFINED BENEFIT PENSION PLAN (Continued)

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 curable compensation. Net direct employer contributions are nine percent (9%) of curable compensation unless the funds allocated from dedicated taxes are insufficient to provide the actuarially required contributions or the actuarially required contributions are less than 7%. 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 \$7,413, \$6,044 and \$4,033, respectively, equal to the required contributions for each year.

Note 7 - 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
Willie Borrellain	4	\$120
Rudy Carcione	3	90
Morris Champagne	4	120
Donald Lorette	4	120
Wilfred Tishan	4	120
Total		\$570

Note 8 - 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, 1996 totaled \$301.

Note 8 - LEASE COMMITMENTS (Continued)

The minimum annual commitments under operating leases are as follows:

Fiscal year:	
1997	\$ 301
1998	301
1999	301
2000	301
2001	301
Thereafter	<u>1,053</u>
Total	<u>\$2,558</u>

Note 9 - CONTINGENT LIABILITIES

There are various lawsuits filed against the District. These cases involve claims for property damages and claims for back wages and benefits. The cases are in the preliminary discovery stage. The District's legal counsel and management believe exposure, if any, in these matters are immaterial in relation to the general purpose financial statements and have not provided provision for damages in the general purpose financial statements.

Note 10 - 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 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986 and 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

Note 10 - SUPPLEMENTAL PAY (Continued)

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 \$9,582 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - RISK MANAGEMENT

The District participates in Terrebonne Parish's (oversight entity) risk management (internal 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.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bureau

**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. 4-A,
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Fire District No. 4-A (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 18, 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.

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 of 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 system 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
April 18, 1997.

COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

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

In fulfilling our responsibility as Terrebonne Parish Fire District No. 4-A 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. No new accounting policies were adopted nor required to be adopted for the year ended December 31, 1996.

3) SIGNIFICANT AUDIT ADJUSTMENT

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

This information is intended solely for the use of the Board of Commissioners and management of Terrebonne Parish Fire District 4-A and should not be used for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, La.,
April 18, 1997.