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## *Financial Report*

### *Terrebonne Parish Fire District No. 7*

#### *Chauvin, Louisiana*

*December 31, 1998*

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

Release Date ~~JUL 14 1999~~

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December 31, 1998

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**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Fire District No. 7 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position the Terrebonne Parish Fire District No. 7 as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 1999 on our consideration of Terrebonne Parish Fire District No. 7's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
April 23, 1999.

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

**Terrebonne Parish Fire District No. 7**

December 31, 1998

	Governmental Fund Types	
	General	Debt Service
<b>ASSETS AND OTHER DEBITS</b>		
<b>Assets</b>		
Cash	\$ 9,134	\$ -
Investments	444,794	39,729
Receivables - taxes	356,365	29,348
State revenue sharing receivable	18,988	-
Fixed assets	-	-
<b>Other Debits</b>		
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term obligations	-	-
	-	-
Total assets and other debits	\$ 829,281	\$ 69,077
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenditures	\$ 11,735	\$ -
Due to Terrebonne Parish		
Consolidated Government	1,185	-
Deferred revenue	387,502	29,566
Bonds payable	-	-
Other long-term obligations	-	-
	-	-
Total liabilities	400,422	29,566
<b>Equity and Other Credits</b>		
Investment in general fixed assets		
Fund balances:		
Reserved - debt service	-	39,511
Unreserved	428,859	-
	428,859	39,511
Total equity and other credits	428,859	39,511
Total liabilities, equity and other credits	\$ 829,281	\$ 69,077

See notes to financial statements.

Account Groups		Total (Memorandum Only)
General Fixed Assets	General Long-Term Obligations	
\$ -	\$ -	\$ 9,134
-	-	484,523
-	-	385,713
-	-	18,988
282,463	-	282,463
-	39,511	39,511
-	134,854	134,854
<u>\$ 282,463</u>	<u>\$ 174,365</u>	<u>\$ 1,355,186</u>
	\$ -	\$ 11,735
	-	1,185
	-	417,068
	60,000	60,000
	<u>114,365</u>	<u>114,365</u>
	<u>174,365</u>	<u>604,353</u>
\$ 282,463		282,463
-		39,511
-		428,859
<u>282,463</u>		<u>750,833</u>
<u>\$ 282,463</u>	<u>\$ 174,365</u>	<u>\$ 1,355,186</u>

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

**Terrebonne Parish Fire District No. 7**

For the year ended December 31, 1998

	<u>General</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
<b>Revenues</b>			
Taxes	\$ 339,491	\$ 34,177	\$ 373,668
Intergovernmental:			
State of Louisiana:			
State revenue sharing	26,091	-	26,091
Fire insurance tax	15,471	-	15,471
Supplemental pay	18,000	-	18,000
Miscellaneous - interest	23,570	1,982	25,552
Total revenues	<u>422,623</u>	<u>36,159</u>	<u>458,782</u>
<b>Expenditures</b>			
Current:			
General Government:			
Ad valorem tax adjustment	6,105	615	6,720
Ad valorem tax deductions	17,397	1,751	19,148
Total general government	<u>23,502</u>	<u>2,366</u>	<u>25,868</u>
Public Safety:			
Personal services	182,062		182,062
Supplies and materials	32,685		32,685
Other services and charges	55,043		55,043
Repairs and maintenance	10,518		10,518
Capital expenditures	11,695		11,695
Total public safety	<u>292,003</u>		<u>292,003</u>
Debt Service:			
Principal retirement	15,591	30,000	45,591
Interest and fiscal charges	7,498	5,543	13,041
Total debt service	<u>23,089</u>	<u>35,543</u>	<u>58,632</u>
Total expenditures	<u>338,594</u>	<u>37,909</u>	<u>376,503</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	84,029	(1,750)	82,279
<b>Fund Balances</b>			
Beginning of year	344,830	41,261	386,091
End of year	<u>\$ 428,859</u>	<u>\$ 39,511</u>	<u>\$ 468,370</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, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Taxes	\$ 339,428	\$ 339,491	\$ 63
Intergovernmental:			
State of Louisiana:			
State revenue sharing	26,000	26,091	91
Fire insurance tax	15,450	15,471	21
Supplemental pay	18,500	18,000	(500)
Miscellaneous - interest	20,000	23,570	3,570
Total revenues	<u>419,378</u>	<u>422,623</u>	<u>3,245</u>
<b>Expenditures</b>			
Current:			
General Government:			
Ad valorem tax adjustment	6,500	6,105	395
Ad valorem tax deductions	17,500	17,397	103
Total general government	<u>24,000</u>	<u>23,502</u>	<u>498</u>
Public Safety:			
Personal services	175,000	182,062	(7,062)
Supplies and materials	36,500	32,685	3,815
Other services and charges	60,350	55,043	5,307
Repairs and maintenance	13,250	10,518	2,732
Capital expenditures	19,000	11,695	7,305
Total public safety	<u>304,100</u>	<u>292,003</u>	<u>12,097</u>
Debt Service:			
Principal retirement	15,600	15,591	9
Interest and fiscal charges	7,500	7,498	2
Total debt service	<u>23,100</u>	<u>23,089</u>	<u>11</u>
Total expenditures	<u>351,200</u>	<u>338,594</u>	<u>12,606</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 68,178</u>	84,029	<u>\$ 15,851</u>
<b>Fund Balance</b>			
Beginning of year		<u>344,830</u>	
End of year		<u>\$ 428,859</u>	

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Fire District No. 7**

December 31, 1998

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

The accounting policies of the Terrebonne Parish Fire District No. 7 (the District) conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1998.

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

**b) Fund Accounting**

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

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



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

**b) Fund Accounting (Continued)**

**Governmental Funds**

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

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

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

**Account Groups**

Account groups are used to establish accounting control and accountability. The District's Account Groups are as follows:

**General Fixed Assets Account Group** - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

**General Long-Term Obligations Account Group** - This account group is used to account for general long-term obligations 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.

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

**c) Basis of Accounting (Continued)**

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 1998 property taxes which are being levied to finance the 1999 budget will be recognized as revenue in 1999. The 1998 tax levy is recorded as deferred revenue in the District's 1998 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 obligations which are recognized when due.

**d) Use of Estimates**

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

**e) 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.

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

**f) Accounts Receivable**

The financial statements for the District contain no allowance for uncollectible accounts. 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 fund.

**g) Investments**

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of Certificates of Deposit, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation (FHLMC) and LAMP.

**h) Fixed Assets**

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

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

All fixed assets are valued at historical cost.

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

**i) Long-Term Obligations**

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

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

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

**j) Vacation and Sick Leave**

After one year of employment, Terrebonne Parish Fire District No. 7 employees are entitled to one week of vacation. After completing two full years, employees are entitled to two weeks of vacation. There is no accumulated vacation for the District at December 31, 1998.

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 indiscretion 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 workers' compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave. A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the district. There is no accumulated sick leave for the District as of December 31, 1998.



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

**k) Encumbrances**

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

**l) Memorandum Only - Total Columns**

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

**Note 2 - DEPOSITS AND INVESTMENTS**

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

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

**Bank Deposits:**

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Note 2 - DEPOSITS 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.

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

	Bank Balances Category			Book Balance
	1	2	3	
Cash	\$12,453	\$ -	\$ -	\$ 9,134
Investments:				
Certificates of deposit	-	-	<u>231,574</u>	<u>231,574</u>
Totals	<u>\$12,453</u>	<u>\$ -</u>	<u>\$231,574</u>	<u>\$240,708</u>

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



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

**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 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.

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 are held by the counterparty or by its trust department or agent, but not in the District's name.

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

	<u>Risk Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments subject to categorization:				
Federal Home Loan Bank Notes	\$ 45,000	\$ -	\$ -	\$ 45,000
Federal Home Loan Mortgage Corporation (FHLMC)	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Totals	<u>\$115,000</u>	<u>\$ -</u>	<u>\$ -</u>	115,000
Investments not subject to categorization:				
Louisiana Asset Management Pool (LAMP)				<u>137,949</u>
Total Investments				<u>\$252,949</u>

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

Investment 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	\$240,708
Carrying amount of investments	<u>252,949</u>
Total	<u>\$493,657</u>
Cash	\$ 9,134
Investments	<u>484,523</u>
Total	<u>\$493,657</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, 1998 was \$16.15 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 \$1.33 per \$1,000 of assessed valuation for the payment of principal and interest. As indicated in Note 1c, taxes levied November 1, 1998 are for budgeted expenditures in 1999 and will be recognized as revenues in 1999.

**Note 4 - CHANGES IN FIXED ASSETS**

A summary of changes in fixed assets follows:

	Balance January <u>1, 1998</u>	<u>Additions</u>	Balance December <u>31, 1998</u>
Land and buildings	\$ 33,075	\$ -	\$ 33,075
Machinery and equipment	31,614	6,700	38,314
Office furniture, fixtures and equipment	4,278	4,995	9,273
Trucks and automobiles	<u>201,801</u>	<u>-</u>	<u>201,801</u>
Totals	<u>\$270,768</u>	<u>\$11,695</u>	<u>\$282,463</u>

Assets acquired prior to 1994 totaling \$695,548 are included in the General Fixed Assets Account Group of the Parish. These assets as of December 31, 1998 are made up of the following:

Land and building	\$428,995
Machinery and equipment	34,583
Office furniture and equipment	7,305
Trucks and automobiles	<u>224,665</u>
Total	<u>\$695,548</u>

There was no change in the fixed assets held by the Parish for the District in 1998.

**Note 5 - LONG-TERM OBLIGATIONS**

At December 31, 1998, the District had outstanding general obligations bonds totaling \$60,000 bearing interest of 7¼% which are repayable through March 1, 2000 primarily from ad valorem tax revenues.

In January 1997, the District entered into a lease agreement as lessee for financing the acquisition of a fire truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the General Fixed Assets Account Group in the amount of \$179,956.

**Note 5 - LONG-TERM OBLIGATIONS (Continued)**

The following is a summary of changes in long-term obligations of the District:

	<u>Payable January 1, 1998</u>	<u>Debt Retired</u>	<u>Payable December 31, 1998</u>
Bonds	\$ 90,000	\$30,000	\$ 60,000
Capitalized lease	<u>129,956</u>	<u>15,591</u>	<u>114,365</u>
Totals	<u>\$219,956</u>	<u>\$45,591</u>	<u>\$174,365</u>

The annual requirements including interest to amortize all long-term obligations outstanding at December 31, 1998 are as follows:

<u>Maturity</u>	<u>Bonds</u>	<u>Capital Lease</u>
1999	\$33,263	\$ 23,090
2000	31,088	23,090
2001	-	23,090
2002	-	23,090
2003	-	23,089
2004	<u>-</u>	<u>23,089</u>
Totals	\$64,351	\$138,538
Less:		
Interest	<u>4,351</u>	<u>24,173</u>
Net amount	<u>\$60,000</u>	<u>\$114,365</u>

**Note 6 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The District's contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative

**Note 6 - DEFINED BENEFIT PENSION PLAN (Continued)**

Session established the plan. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

**Funding Policy** - Plan members are required to contribute 8% of their earnable compensation and the District is required to contribute at an actuarially determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 1998, 1997 and 1996 were \$10,735, \$9,796 and \$9,539, 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 as approved by the Board. The District will fund the entire premium for all employees retiring with at least ten years service or retiring from the formal retirement systems. A retired employee may provide dependent hospitalization coverage at a cost ranging from \$40 to \$44 per month depending on their retirement date. The cost of providing this benefit is recognized as an expenditure as premiums are paid. For the year ended December 31, 1998, those costs amounted to \$8,439.

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 1998, the average hospitalization and life insurance costs per retired employee were approximately \$352 per month.



**Note 8 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 1998:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Melvin Duplantis	10	\$ 300
Reily LeBocuf	9	270
Herman LeBlanc	10	300
Ted Pellegrin	8	240
Jamie Theriot	2	<u>60</u>
Total		<u>\$1,170</u>

**Note 9 - SUPPLEMENTAL PAY**

In addition to the compensation paid to the District's employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 1998, the District has recognized revenue and expenditures of \$18,000 in salary supplements that the State of Louisiana has paid directly to the District's employees.



**Note 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
Workers' Compensation	Statutory
Group Insurance	\$6,500,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$887,017 for workers' compensation and \$2,926,677 for group insurance at December 31, 1997, then secondly by the District. At December 31, 1998, the District had no claims in excess of the above coverage limits.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



**Bourgeois Bennett**

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

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

We have audited the general-purpose financial statements of the Terrebonne Parish Fire District No. 7 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1998, and have issued our report thereon dated April 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or

more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
April 23, 1999.



**REPORTS BY MANAGEMENT**



## **SCHEDULE OF PRIOR YEAR FINDINGS**

### **Terrebonne Parish Fire District No. 7**

For the year ended December 31, 1998

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

##### **Internal Control**

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

##### **Compliance**

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

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Fire District No. 7 did not receive federal awards during the year ended December 31, 1997.

#### **Section III Management Letter**

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

# MANAGEMENT'S CORRECTIVE ACTION PLAN

## **Terrebonne Parish Fire District No. 7**

For the year ended December 31, 1998

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

#### **Internal Control**

No material weaknesses were noted during the audit for the year ended December 31, 1998.  
No reportable conditions were reported during the audit for the year ended December 31, 1998.

#### **Compliance**

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Fire District No. 7 did not receive federal awards during the year ended December 31, 1998.

### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 1998.