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BAYOU CANE
FIRE PROTECTION DISTRICT
HOUMA, LOUISIANA

Financial Reports

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 JUN 30 1999

BAYOU CANE
FIRE PROTECTION DISTRICT
HOUMA, LOUISIANA

Financial Reports

December 31, 1998

BAYOU CANE FIRE PROTECTION DISTRICT
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Financial Reports

December 31, 1998

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— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Bayou Cane Fire Protection District Board
Houma, Louisiana

We have audited the general purpose financial statements of the Bayou Cane Fire Protection District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of December 31, 1998, as listed in the table of contents. These component unit financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Bayou Cane Fire Protection District 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 12, 1999, on our consideration of the Bayou Cane Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The District has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by the Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Bayou Cane Fire Protection District. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

April 12, 1999

Bergeron & Lanauze

BAYOU CANE FIRE PROTECTION DISTRICT
Houma, Louisiana

Balance Sheet - General Fund

December 31, 1998

ASSETS

Cash	\$ 85,469
Invested cash	206,486
Ad valorem taxes receivable	600,560
State revenue sharing receivable	<u>41,836</u>
Total assets	<u>\$ 934,351</u>

LIABILITIES AND FUND BALANCE

Liabilities - deferred revenues	\$ 671,796
Fund Balance - unreserved	<u>262,555</u>
Total liabilities and fund balance	<u>\$ 934,351</u>

BAYOU CANE FIRE PROTECTION DISTRICT
Houma, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund

Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>Unfavorable</u>
<u>REVENUES</u>			
Intergovernmental:			
Terrebonne Parish:			
Property taxes	\$ -	\$ 463,835	\$ 463,835
Interest on delinquent taxes	-	1,504	1,504
State of Louisiana:			
Insurance rebate	-	26,523	26,523
Revenue sharing	-	49,701	49,701
	<hr/>	<hr/>	<hr/>
Total intergovernmental revenue	-	541,563	541,563
Interest earned	-	13,370	13,370
	<hr/>	<hr/>	<hr/>
Total revenue	-	554,933	554,933
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Public safety:			
Contract payments for fire protection	542,895	290,638	252,257
Other services and charges:			
Per diems paid to board members	5,000	1,740	3,260
	<hr/>	<hr/>	<hr/>
Total expenditures	547,895	292,378	255,517
	<hr/>	<hr/>	<hr/>
<u>EXCESS REVENUES (EXPENDITURES)</u>	(547,895)	262,555	810,450
<u>FUND BALANCE</u>			
Beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ (547,895)</u>	<u>\$ 262,555</u>	<u>\$ 810,450</u>

BAYOU CANE FIRE PROTECTION DISTRICT
Houma, Louisiana

Notes to Financial Statements, Continued

December 31, 1998

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bayou Cane Fire Protection District (the District) was created by the Terrebonne Parish Consolidated Government (the Parish) by Ordinance No. 5732, dated February 7, 1997, pursuant to Louisiana Revised Statutes 40:1493 and 40:1494. The District provides fire protection and related services and facilities in Terrebonne Parish within the boundaries established by the ordinance.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

a. Reporting Entity:

The District is classified as a component unit of the Terrebonne Parish Consolidated Government. The members of the District's governing board are appointed by the Parish and all Louisiana State Bond Commission approvals must be obtained through the Parish. Therefore, the Parish has the ability to impose its will on the District.

The activities of the District have been reviewed and it was determined that there are no potential component units which should be included in the financial statements of the District.

b. Fund Accounting:

The District uses funds 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.

BAYOU CANE FIRE PROTECTION DISTRICT
Houma, Louisiana

Notes to Financial Statements, Continued

December 31, 1998

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 is the Governmental Fund 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 and expenditures.

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.

The governmental fund type (General Fund) is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets.

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the District) are considered available in the year for which the taxes are budgeted. The 1998 taxes were levied to finance the 1999 budget and are recorded as deferred revenues on the District's balance sheet as of December 31, 1998. Taxes paid under protest are recorded in the year available. Delinquent taxes are considered uncollectible and are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Expenditures are generally recognized when the related fund liability is incurred.

BAYOU CANE FIRE PROTECTION DISTRICT
 Houma, Louisiana

Notes to Financial Statements, Continued

December 31, 1998

d. Operating Budgetary Data:

As required by Louisiana Revised Statute 39:1303, the District adopted a budget for the General Fund. All budget amounts that are not expended, or obligated through contracts, lapse at year end. The original budget was approved following a public hearing and was subsequently amended following a public hearing.

e. Encumbrances:

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

2) 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 offices in Louisiana or any other federally insured investments. At December 31, 1998, the District has cash and invested cash (book balances) totaling \$291,955.

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1998, are secured as follows:

Bank balances	\$ 291,955
Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	254,535
Total secured deposits	\$ 454,535
Excess of secured deposits over bank balances	\$ 162,580

BAYOU CANE FIRE PROTECTION DISTRICT
Houma, Louisiana

Notes to Financial Statements, Continued

December 31, 1998

3) PROPERTY TAXES

On May 3, 1997, the voters of the district approved a tax of ten (10) mills on the assessed value of all property within the District subject to taxation for a period of ten (10) years beginning in 1997. The District levied 8 of the authorized 10 mills for 1997. These taxes and the related state revenue sharing are budgeted to be expended in 1998 and are included as revenue on the Statement of Revenues, Expenditures and changes in Fund Balance – General Fund for the year ended 1998. The District levied 9.79 of the authorized 10 mills for 1998. These taxes and related state revenue sharing are budgeted for year ending December 31, 1999 and are included as deferred revenue on the balance sheet as of December 31, 1998.

4) COMMITMENTS AND SUBSEQUENT EVENTS

On January 12, 1998, the District entered into a fire protection contract with the Bayou Cane Volunteer Fire Department (the Department). Under this contract, the Department will receive the net proceeds of the District's property tax millage in exchange for providing fire protection and related services and facilities to the District. The contract has a term on one year beginning on the date of the contract.

On February 9, 1998, the District entered into an employment contract with the District Superintendent for a period of five (5) years. The contract provides for a certain base salary and other benefits.

On January 12, 1999, the District entered into a construction contract of approximately \$273,000 to build a new fire station.

BAYOU CANE FIRE PROTECTION DISTRICT
HOUMA LOUISIANA

Schedule of Per Diems Paid to Board Members

Year Ended December 31, 1998

Board Member

Tommy Beeson	\$ 300
Danny Gaudet	390
Billy Hebert	330
Tony Indovina	390
Wayne Rushing	<u>330</u>
	<u>\$ 1,740</u>

SUPPLEMENTARY FINANCIAL REPORTS

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

To the Bayou Cane Fire Protection District Board
Houma, Louisiana

We have audited the financial statements of the Bayou Cane Fire Protection District as of and for the year then ended December 31, 1998, and have issued our report thereon dated April 12, 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 Bayou Cane Fire Protection District's 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 an instance of noncompliance required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 1998-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bayou Cane Fire Protection District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 operation that we consider to be material weaknesses.

This report is intended for the information of the Bayou Cane Fire Protection District, 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.

April 12, 1999

Bergeron & Lanany

BAYOU CANE FIRE PROTECTION DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 1998

We have audited the financial statements of the Bayou Cane Fire Protection District as of and for the year ended December 31, 1998, and have issued our report thereon dated April 12, 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. Our audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion. We did not issue a separate management letter as a result of this engagement.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control			
Material Weakness	___	Yes	XX ___ No
Reportable Conditions	___	Yes	XX ___ No
Compliance			
Compliance Material to Financial Statements	XX	Yes	___ No

b. *Federal Awards - (Not applicable)*

c. Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Not applicable	

Section II Financial Statement Findings

1998-1, Compliance with Laws Affecting Budgeting

The budgets adopted by the District for the years ended December 31, 1998 and 1999 did not comply with applicable state laws as follows:

- The budget document did not include a budget message signed by the budget preparer as is required by R.S. 39:1304.

- The budget statement did not show estimated revenues to be received for the year or estimated fund balances for the beginning and ending of the fiscal year as is required by R.S. 39:1304.
- The District did not retain certified copies of the adopted budget, budget adoption instrument, and duly authorized budget amendments as is required by R.S. 39:1312.

The members of the District Board did not fully understand the provisions of the law cited above.

We recommend the board members become familiar with all provisions of laws pertaining to preparing and adopting budgets contained in the Louisiana Revised Statutes and establish procedures to insure future compliance. The 1999 budget should be amended to comply with applicable laws.

Section III Federal Award Findings and Questioned Costs

Not Applicable.

BAYOU CANE FIRE PROTECTION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Not applicable.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

Not applicable.

BAYOU CANE FIRE PROTECTION DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

1998-1, Compliance with Laws Affecting Budgeting

The District Board will become familiar with the provisions of the Louisiana Revised Statutes pertaining to preparing and adopting budgets and will establish procedures to insure future compliance and will amend the 1999 budget to comply with applicable laws.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued.