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Financial Report
Coteau Fire Protection District
Houma, Louisiana
December 31, 1998

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Release Date 7-14-99

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Coteau Fire Protection District

December 31, 1998

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Coteau Fire Protection District,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of Coteau Fire Protection District (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 of the Coteau 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 23, 1999 on our consideration of the Coteau Fire Protection District'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 TYPE AND ACCOUNT GROUPS**

Coteau Fire Protection District

December 31, 1998

	<u>Governmental Fund Type General</u>	<u>Account Groups General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>Total (Memorandum Only)</u>
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 17,940	\$ -	\$ -	\$ 17,940
Receivables - taxes	86,237	-	-	86,237
State revenue sharing receivable	1,746	-	-	1,746
Fixed assets	-	154,551	-	154,551
Other Debits				
Amount to be provided for retirement of general long-term obligations	-	-	140,386	140,386
Total assets and other debits	<u>\$ 105,923</u>	<u>\$ 154,551</u>	<u>\$ 140,386</u>	<u>\$ 400,860</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 909		\$ -	\$ 909
Deferred revenue	89,060		-	89,060
Other long-term obligations	-		140,386	140,386
Total liabilities	<u>89,969</u>		<u>140,386</u>	<u>230,355</u>
Equity and Other Credits				
Investment in general fixed assets	-	\$ 154,551		154,551
Fund balances - unreserved	15,954	-		15,954
Total equity and other credits	<u>15,954</u>	<u>154,551</u>		<u>170,505</u>
Total liabilities, equity and other credits	<u>\$ 105,923</u>	<u>\$ 154,551</u>	<u>\$ 140,386</u>	<u>\$ 400,860</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND

Coteau Fire Protection District

For the year ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 79,871	\$ 79,871	\$ -
Intergovernmental:			
State of Louisiana:			
State revenue sharing	2,605	2,608	3
Fire insurance tax	4,225	4,225	-
Miscellaneous:			
Interest	1,700	1,709	9
Other	100	105	5
Total revenues	<u>88,501</u>	<u>88,518</u>	<u>17</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	855	846	9
Ad valorem tax deductions	4,095	4,094	1
Total general government	<u>4,950</u>	<u>4,940</u>	<u>10</u>
Public Safety:			
Supplies and materials	7,400	6,434	966
Other services and charges	18,650	17,952	698
Repairs and maintenance	5,100	4,372	728
Capital expenditures	150,000	149,193	807
Total public safety	<u>181,150</u>	<u>177,951</u>	<u>3,199</u>
Debt Service:			
Principal retirement	13,342	13,342	
Interest and fiscal charges	2,508	2,508	
Total debt service	<u>15,850</u>	<u>15,850</u>	
Total expenditures	<u>201,950</u>	<u>198,741</u>	<u>3,209</u>
Deficiency of Revenues Over Expenditures	(113,449)	(110,223)	3,226
Other Financing Source			
Capital Lease	<u>111,290</u>	<u>111,290</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Source Over Expenditures	(2,159)	1,067	3,226
Fund Balance			
Beginning of year	<u>14,887</u>	<u>14,887</u>	<u>-</u>
End of year	<u>\$ 12,728</u>	<u>\$ 15,954</u>	<u>\$ 3,226</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Coteau Fire Protection District**

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Coteau Fire Protection District (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 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 except those that are required to be accounted for in another fund.

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 revenues) are recorded as revenue 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 Board, as allowed by state law, does not obtain public participation in the budget process. 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 three times for 1998. 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 and other receivables 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.

g) Investments

The District had no investments at December 31, 1998. Investments during the year consisted of certificates of deposit, which are stated at cost and approximates market value.

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. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical cost.

i) Long-Term Obligations

The accounting and reporting treatment applied to the long-term obligations 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations (Continued)

Long-term obligations expected to be financed from governmental funds are 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) 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) Memorandum Only - Total Column

The total column on the general-purpose financial statement is captioned "Memorandum Only" because it does not represent consolidated financial information and is presented only to facilitate financial analysis. The column does 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

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.

State law requires deposits (cash) 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 (Continued)

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	<u>\$21,948</u>	<u>\$ -</u>	

At December 31, 1998, cash was not in excess of FDIC insurance.

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 \$7.83 per \$1,000 of assessed valuation on property within Coteau Fire Protection District for the purpose of maintaining and operating fire protection facilities within the District. 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>
Trucks	\$ -	\$117,190	\$117,190
Machinery and equipment	5,358	26,972	32,330
Office furniture, fixtures and equipment	<u>-</u>	<u>5,031</u>	<u>5,031</u>
Totals	<u>\$5,358</u>	<u>\$149,193</u>	<u>\$154,551</u>

Note 5 - LONG-TERM OBLIGATIONS

The District entered into financing lease agreements for the acquisition of fire trucks in 1997 and 1998.

The following is a summary of changes in the long-term obligations of the District for the year ended December 31, 1998:

Payable at January 1, 1998	\$ 42,438
New issues	111,290
Principal payment	<u>(13,342)</u>
Payable at December 31, 1998	<u>\$140,386</u>

The future minimum lease obligations and the net present value of these minimum lease payments at December 31, 1998 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 22,518	\$ 8,553	\$ 31,071
2000	23,868	7,203	31,071
2001	9,450	5,772	15,222
2002	10,030	5,191	15,221
2003	10,646	4,575	15,221
2004-2008	<u>63,874</u>	<u>12,232</u>	<u>76,106</u>
Totals	<u>\$140,386</u>	<u>\$43,526</u>	<u>\$183,912</u>

Note 6 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1998.

Note 7 - 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; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

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,
Coteau Fire Protection District,
Houma, Louisiana.

We have audited the general-purpose financial statements of the Coteau Fire Protection District (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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
April 23, 1999.

SCHEDULE OF FINDINGS

Coteau Fire Protection District

For the year ended December 31, 1998

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Coteau Fire Protection District did not receive federal awards during the year ended December 31, 1998.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1998.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Coteau Fire Protection District

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 period from inception (February 6, 1997) to December 31, 1997.

No reportable conditions were reported during the audit for the period from inception (February 6, 1997) to December 31, 1997.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the period from inception (February 6, 1997) to December 31, 1997.

Section II Internal Control and Compliance Material to Federal Awards

Coteau Fire Protection District did not receive federal awards during the period from inception (February 6, 1997) to December 31, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the period from inception (February 6, 1997) to December 31, 1997.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Coteau Fire Protection District

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

Coteau Fire Protection District 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.