

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
Houma, Louisiana

**Basic Financial Statements
With Required Supplemental Information
And Independent Auditor's Reports**

As of and for the Year Ended December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-4-04

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**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
Houma, Louisiana

Basic Financial Statements
With Supplemental Information Schedules
and Independent Auditor's Report

As of and for the year ended December 31, 2003

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**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
Houma, Louisiana

Basic Financial Statements
With Supplemental Information Schedules
and Independent Auditor's Report

As of and for the year ended December 31, 2003

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Independent Auditor's Report

To the Board of Commissioners
Bayou Cane Fire Protection District
Terrebonne Parish Council
Houma, Louisiana

We have audited the accompanying basic financial statements of the Bayou Cane Fire Protection District as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Bayou Cane Fire Protection District's management. Our responsibility is to express an opinion on these basic 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 basic 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, 2003, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As described in Note 1 to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, as of January 1, 2003. This results in a change to the District's format and content of the basic financial statements.

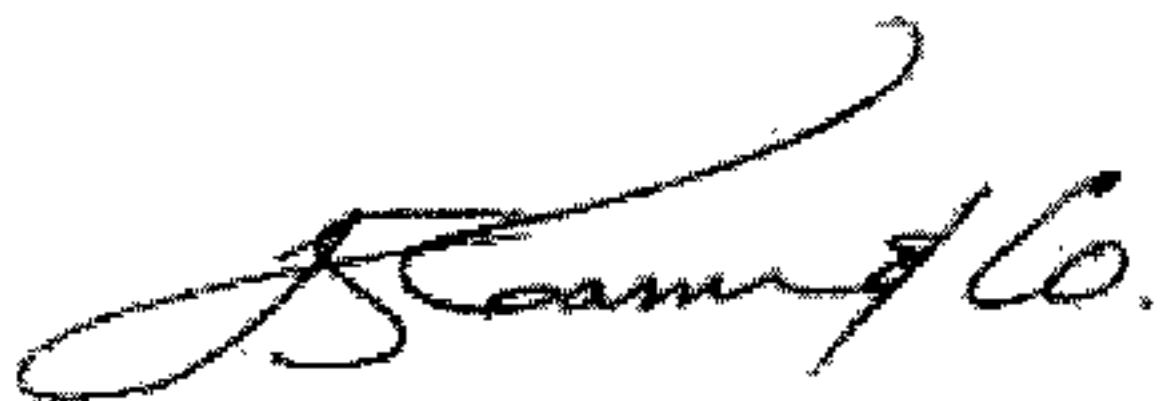
The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. The required supplemental information is the responsibility of the Bayou Cane Fire Protection District's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

TIMOTHY S. KEARNS
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In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2004 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.

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



Thibodaux, Louisiana
May 20, 2004

Required Supplemental Information
(Part 1 of 2)

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2003

Our discussion and analysis of the Bayou Cane Fire Protection District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements, which begin on page 9.

For the year ended December 31, 2003, the District adopted the provisions of GASB Statement No. 39. From the criteria set forth in GASB Statement No. 39, it was determined that the Bayou Cane Volunteer Fire Department, Inc. (the Department) should be considered a component unit of the District. The financial statements of the Department have been blended with those of the District. See note 1 for more information.

For comparative purposes, the prior year amounts have been restated to include the Departments financial information with that of the District.

FINANCIAL HIGHLIGHTS

- The financial statements included in this report provide insight into the financial status for the year. The District's total net assets increased by \$106,328 and resulted in a total ending net assets of \$1,484,981.
- Proceeds from ad valorem taxes increased by \$20,114 from last year.
- The interest earned on checking accounts and investments in certificates of deposit was \$4,716 for the year. This is a decrease of \$2,574 from last year.
- In 2001, the District issued a Certificate of Indebtedness, Series 2001 in the amount of \$350,000 to help fund the construction of the new central station. This is the District's only long-term liability. The District paid the scheduled \$65,000 principal payment during the year. The balance at year-end was \$114,024.
- Total payments for the year to Bayou Cane Volunteer Fire Department for fire protection was \$1,102,000. For fire protection, in 2002, 2001, and 2000, the District paid \$993,000, \$1,409,135, and \$695,966, respectively.
- As per the By and Between agreement signed between the Fire District and the Fire Department in 1998, "...any acquisitions of depreciable equipment, land or buildings, when such acquisitions are made with public funds, including contract consideration funds relative to the volunteer fire company, shall be titled in the name of the District...". Because of this agreement, the Fire Department titles all capital assets purchased in the name of the Fire District.

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2003

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 9 and 10 provides information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide sections of the statements by providing information about the District's significant funds.

THE DISTRICT AS A WHOLE

Our analysis of the District as a whole begins on page 9. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets—the difference between assets and liabilities—as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating.

The District's combined net assets as of December 31, 2003 and 2002, were:

	<u>2003</u>	<u>2002</u>
Invested in capital assets, net of related debt	\$ 1,420,437	\$ 1,403,559
Unrestricted	64,544	12,810
Adjustment (see Note 1)	<u> </u>	<u>(37,716)</u>
Total Net Assets	<u>\$ 1,484,981</u>	<u>\$ 1,378,653</u>

The District's cash and cash equivalents increased by 187% in the fiscal year ended December 31, 2003 bringing the cash balance to \$225,049. The large increase in cash is due primarily to an early 2003 ad valorem tax payment received in December 2003. This payment would have normally been received in January 2004.

During the past year, there was \$9,397 put into capital assets throughout the district in order to provide enhanced fire services and protection for firefighters.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
Houma, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2003

GOVERNMENTAL ACTIVITIES

Fund financial statements, beginning on page 11, present information on the individual funds of the Board allowing for more detail. The measurement focus and basis of accounting used to prepare these statements is dependent on the fund type. The Board has only one fund as follows:

Governmental Fund – This fund includes the general fund that uses a current financial resources measurement focus and the accrual basis of accounting. The statements in this section represent the short-term financing of general government.

At the completion of the year, the District's governmental fund reported a fund balance of \$66,812. This reflects an increase of \$88,178 from last year.

Funding continues to be a concern. The District's total revenues (excluding other financing sources) for the year increased by only 3%. The total cost of the fire protection program increased by 11%. Total payment for fire protection was \$1,102,000, up from \$993,015 last fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared using the cash basis of accounting. It was amended on November 8, 2003 to more accurately reflect the District's financial activity for the year.

The actual revenues were higher than budgeted revenues for the fiscal year. This is due to an early payment of 2003 ad valorem tax received in December 2003, which had not been budgeted. The actual expenditures were slightly lower than budgeted amounts for the fiscal year. A budget to actual comparison schedule can be found on page 25.

CAPITAL ASSETS

At the end of the year, the District has \$1,695,520 invested in capital assets, including land, buildings, furniture, fire fighting equipment, and vehicles. This year there were additions of \$9,397 and no disposals. More detailed information about the District's capital assets is presented in Note 3 of the financial statements.

DEBT

In 2001, the District issued a Certificate of Indebtedness in the amount of \$350,000 to help finance the construction of the new central station. During this fiscal year, there was a \$65,000 payment made to principal and \$8,874 paid in interest, bringing the balance at year-end to \$114,024. More detailed information about the District's long-term debt is presented in Note 4 of the financial statements.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
Houma, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2003

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Mr. Jerry Gautreaux, Fire Chief, 6166 West Main Street, Houma, Louisiana 70360.

INCIDENTS & CALLS

The Bayou Cane community is continuously growing and expanding and with that growth, the demand for public services such as Fire Suppression, Rescue and EMS also grows. Below is a summary of the calls responded to, by type, in 2003, 2002 and 2001.

<u>Type of Call</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Fire	102	120	111
Explosion, Overheat (no fire)	8	1	2
Rescue & EMS	1,207	1,151	1,043
Hazardous Condition (no fire)	45	83	58
Service Call	198	36	26
Good Intent	88	71	68
False Alarm	147	122	87
Special Incident Type	1	0	0
Severe Weather & Natural Disaster	5	2	1
Total	<u>1,801</u>	<u>1,586</u>	<u>1,396</u>
	14%	14%	Increase over prior year

CLOSING COMMENTS

On November 15, 2003, the voters of the Bayou Cane Community approved a millage increase for fire protection. This increase will not be received by the District until the year 2005. The millage increase was very much needed for operations, maintenance, and capital improvements. It allows the fire department to continue to provide the highest quality service at the least possible cost to the community. It also allows the Bayou Cane Fire Department to keep up with the tremendous growth that the community is experiencing at this time and to provide for expanded services to meet the future projected growth. It enables the fire department to maintain the lowest possible fire rating which translates into lower insurance premiums. "Thank you" to all the residents and voters of Bayou Cane who understood the need for this increase.

The District continues to closely monitor the use of its funds to ensure that the funds are spent wisely. We are very proud of the progress that has been made throughout the parish in providing quality fire protection to all our citizens.

**Government-Wide
Financial Statements (GWFS)**

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana**

**Statement of Net Assets
December 31, 2003**

	<u>Governmental Activites</u>
ASSETS	
Cash	\$ 221,511
Certificates of deposit - protest taxes	3,538
Ad valorem taxes receivable	866,599
State revenue sharing receivable	63,855
Other receivables	200
Land	265,000
Other capital assets, net of accumulated depreciation	<u>1,269,461</u>
Total assets	<u>\$ 2,690,164</u>
LIABILITIES	
Accrued payroll and related liabilities	\$ 33,308
Accounts payable	7,606
Accrued interest payable	2,267
Deferred revenues	1,044,439
Accounts held in escrow - protest taxes	3,538
Long-term liabilities	
Due within one year	70,000
Due in more than one year	<u>44,024</u>
Total liabilities	<u>\$ 1,205,182</u>
NET ASSETS	
Investment in capital assets, net of related debt	\$ 1,420,437
Unrestricted	<u>64,544</u>
Total net assets	<u>\$ 1,484,981</u>

The accompanying notes are an integral part of this statement.

**BAYOU CANE FIRE PROTECTION DISTRICT
 TERREBONNE PARISH COUNCIL
 Houma, Louisiana**

**Statement of Activities
 For the Year Ended December 31, 2003**

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Total</u>
Expenses:				
Public safety - fire protection:				
Personnel services and related benefits	\$ 787,606		\$ 47,550	\$ 740,056
Repairs and maintenance	3,525			3,525
Professional fees	8,480			8,480
Insurance	25,853			25,853
Contractual services - fire dispatching service	13,624			13,624
Supplies and materials	61,986			61,986
Utilities and telephone	27,860			27,860
Other	5,537			5,537
Per diem - board	1,980			1,980
Depreciation expense	57,519			57,519
Interest expense	7,601			7,601
	<u> </u>			<u> </u>
Total governmental activities	<u>\$ 1,001,572</u>			<u>\$ 954,022</u>
General Revenues:				
Ad valorem tax				\$ 908,803
Intergovernmental revenues:				
State revenue sharing				62,618
Fire insurance rebate				51,584
Parish grant				5,178
Interest income				4,716
Donations received				12,564
Miscellaneous income				14,887
				<u> </u>
Total general revenues				<u>\$ 1,060,351</u>
Change in net assets				106,329
Net assets:				
Beginning of the year				<u>\$ 1,378,651</u>
(restated, see note 1)				
End of the year				<u><u>\$ 1,484,981</u></u>

The accompanying notes are an integral part of this statement.

Fund Financial Statements

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana**

**Balance Sheet - Governmental Fund
December 31, 2003**

	<u>General Fund</u>
ASSETS	
Cash	\$ 221,511
Certificates of deposit	3,538
Ad valorem taxes receivable	866,599
State revenue sharing receivable	63,855
Other receivables	<u>200</u>
Total assets	<u>\$ 1,155,703</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued payroll and related liabilities	\$ 33,308
Accounts payable	7,606
Deferred revenues	1,044,439
Accounts held in escrow	<u>3,538</u>
Total liabilities	<u>\$ 1,088,891</u>
Fund balances:	
Fund balance - unreserved	<u>\$ 66,812</u>
Total fund balance	<u>\$ 66,812</u>
Total liabilities and fund balance	<u><u>\$ 1,155,703</u></u>

The accompanying notes are an integral part of this statement.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana**

**Statement Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2003**

	<u>General Fund</u>
Revenues	
Ad valorem tax	\$ 908,803
Intergovernmental revenues:	
State revenue sharing	62,618
Fire insurance rebate	51,584
Supplemental pay	47,550
Interest income	4,716
Miscellaneous income	10,587
	<u>1,085,859</u>
Total revenues	\$ 1,085,859
Expenditures	
Public safety	
Personnel services	\$ 787,606
Supplies and materials	61,986
Repairs and maintenance	3,525
Contracted services - 911 service	13,624
Other services and charges:	
Insurance	25,853
Utilities and telephone	27,860
Other	5,537
General government	
Per diems paid to board members	1,980
Professional fees	8,480
Capital outlay	9,397
Debt Service	
Principal payments	65,000
Interest	8,874
	<u>1,019,723</u>
Total expenditures	\$ 1,019,723
Change in Fund Balance before Other Financing Sources (Uses)	\$ 66,136
Other Financing Sources (Uses)	
Terrebonne parish grant	5,178
Proceeds from insurance claims	4,300
Donations received	12,564
	<u>22,042</u>
Total other financing sources (uses)	\$ 22,042
Net change in fund balances	\$ 88,178
Fund balances:	
Beginning of the year (restated, see note 1)	(21,366)
End of the year	<u>\$ 66,812</u>

The accompanying notes are an integral part of this statement.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana**

**Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Assets
December 31, 2003**

Total Fund Balances - Total Governmental Funds \$ 66,812

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet 1,534,461

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. All liabilities both current and long-term are reported in the Statement of Net Assets.

Accrued interest payable	\$	(2,267)	
Certificate of indebtedness balance at 12/31/03		<u>(114,024)</u>	
			<u>(116,291)</u>

Total Net Assets - Governmental activities \$ 1,484,982

The accompanying notes are an integral part of this statement.

**BAYOU CANE FIRE PROTECTION DISTRICT
 TERREBONNE PARISH COUNCIL
 Houma, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the year ended December 31, 2003**

Net Change in Fund Balances - Total Governmental Funds \$ 88,178

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	9,397	
Depreciation expense		<u>(57,519)</u>	(48,122)

Governmental funds report debt service payments as expenditures. However, in the statement of activities, repayment of principle of indebtedness reduces long-term liabilities in the statement of net assets. This is the amount of principal repayments in the current year. 65,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$	<u>1,273</u>	<u>1,273</u>
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Change in Net Assets - Governmental activities \$ 106,329

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**

Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

INTRODUCTION

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 facilitates in Terrebonne Parish within the boundaries established by the ordinance. It is made up of a board of five commissioners appointed by the Parish Council. The District covers an area of over 31 square miles and a population of almost 22,000 people. The daytime population almost doubles due to the number of schools located in the area. This District also serves the Southland Mall as well as the only movie theater in Houma.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting entity

As the governing authority of the parish, for reporting purposes, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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.

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

An objective of Statement No. 14, *The Financial Reporting Entity*, is that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. Statement 39 amends Statement 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based upon the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based on the previous criteria, the District has determined that the financial statements of the Bayou Cane Volunteer Fire Department, Inc (the Department). should be included in those of this reporting entity as a blended component unit. The Department's fiscal year end is December 31. Each month, individuals attend the District's Board meetings to report on the status of the Department's funds and gain approval for any expenditure of these funds. The Department's books are maintained separately from those of the District.

C. Change in Accounting

In order to implement GASB Statement No. 39, as described above, beginning net assets and fund balance was required to be restated to include the net assets/fund balance of the Bayou Cane Volunteer Fire Department, Inc. at January 1, 2003 as follows:

Net Assets

Total net assets at January 1, 2003	\$ 1,416,369
Adjustment to include Department's net assets	<u>(37,716)</u>
Restated net assets at January 1, 2003	<u>\$ 1,378,653</u>

Fund Balance

Unreserved fund balance at January 1, 2003	\$ 16,350
Adjustment to include Department's fund balance	<u>(37,716)</u>
Restated fund balance at January 1, 2003	<u>(\$ 21,366)</u>

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

D. Basic Financial Statements - Government-wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire protection and general administrative services is its only fund and is classified as a governmental activity. The District has no business-type activities.

In the government-wide Statement of Net Assets, the governmental activity is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in two parts—invested in capital assets, net of related debt and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation). The net costs are normally covered by general revenue.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

E. Basic Financial Statements - Fund Financial Statements

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

A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of the only existing fund type follow:

Governmental Funds

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The general fund is the operating fund of the District and accounts for all financial resources. It is the District's only governmental fund.

F. Basis of Accounting / Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

G. Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund. The budget is prepared using the cash basis of accounting. The Board members must approve any revisions that alter the total expenditures. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis, and a balanced budget is required. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. All cash and cash equivalents of the District are held in demand or interest-bearing demand deposit accounts.

I. Investments

Investments are limited by La. Revised Statute §33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. At year-end, the District did not have any investments.

J. 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.

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

K. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years
Building improvements	10 years
Equipment	5 – 25 years
Furniture & fixtures	5 – 7 years
Vehicles	5 – 25 years

In June of 1999, the Governmental Accounting Standards Board issued Statement No. 34 that requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. All assets of the District are reported in the accompanying financial statements. The District owns no infrastructure.

L. Compensated Absences

The District did not have any material compensated absences at year-end.

M. Long-Term Obligations

In the government-wide financial statements, debt and principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt and principal payments of governmental funds are recognized as expenditures when paid.

N. Net Assets/Fund Balances

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets. The District has no restricted net assets.

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Notes to the Financial Statements
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Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use. The District has not reserved fund balances.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2003, the District has interest-bearing demand deposits (book balances) totaling \$ 225,049, shown as follows:

District		
South Louisiana Bank - checking	\$	983
South Louisiana Bank – 30 day CD		2,435
Department (blended component unit)		
South Louisiana Bank - checking		17,935
South Louisiana Bank – 30 day CD		1,103
Investment at LAMP, Inc.		<u>202,593</u>
Total		<u>\$225,049</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or resulting book 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.

At December 31, 2003, the District and the Department had \$ 3,418 and \$ 234,993 in deposits, respectively. Deposit balances (bank balances) are secured by federal deposit insurance and pledged securities.

The Department has investments in a local government investment pool that is administered by a non-profit corporation, LAMP, Inc. This corporation was organized under the laws of the State of

**BAYOU CANE FIRE PROTECTION DISTRICT
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Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

Louisiana, and its purpose is to provide a safe environment for the placement of public funds in short-term, high-quality investments. Investments included in its portfolio, that is those restricted to those issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its assigns, include only those with maturities of ninety days or less. This design allows participants immediate access to their funds. For this reason, the account balances at year-end are recorded in the accompanying financial statement as cash and cash equivalents.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

	<u>12/31/2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2003</u>
Governmental activities:				
Buildings	\$ 941,870	-	-	\$ 941,870
Land	265,000	-	-	265,000
Vehicles	386,634	-	-	386,634
Furniture & equipment	92,618	\$ 9,397	-	102,016
Total capital assets	<u>1,686,122</u>	<u>9,397</u>	<u>-</u>	<u>1,695,520</u>
Less accumulated depreciation for:				
Buildings	(37,636)	(24,357)	-	(61,993)
Vehicles	(46,555)	(17,553)	-	(64,108)
Furniture & equipment	(19,349)	(15,609)	-	(34,958)
Total accumulated depreciation	<u>(103,540)</u>	<u>(57,519)</u>	<u>-</u>	<u>(161,059)</u>
Total capital assets, net of depreciation	<u>\$ 1,582,582</u>	<u>\$ (48,122)</u>	<u>-</u>	<u>\$1,534,461</u>

NOTE 4. LONG-TERM DEBT

A summary of the general long-term debt obligations of the District is as follows:

	<u>12/31/02</u>	<u>Additions</u>	<u>Principal Paid</u>	<u>12/31/03</u>
Certificate of Indebtedness Series 2001	\$179,024	-0-	\$ 65,000	\$114,024

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Houma, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2003

In 2001, the District issued Certificate of Indebtedness, Series 2001 for the purpose of paying a portion of the cost for the construction of the new central station. The certificates are secured by the Central Station property located on 6166 W. Main Street in Houma and are payable by annual ad valorem revenues at a rate of 5.95% and a maturity date of March 2005.

NOTE 5. LEVIED 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 1997. The District levied 9.79 of the authorized 10 mills for 2002. These taxes and the related state revenue sharing were budgeted to be expended in 2003 and were included as revenue on the Statement of Activity for the year ended 2003. The District levied 9.79 of the authorized 10 mills for 2003. These taxes and related state revenue sharing are budgeted for year ending December 31, 2004 and are included as deferred revenue on the Statement of Net Assets as of December 31, 2003. The tax is collected by the Parish Sheriff's Office and remitted to the District. Taxes are due January 1st and become delinquent on December 31st.

NOTE 6. ON-BEHALF PAYMENTS FOR SALARIES

Supplemental salary payments are made by the state directly to a certain group of employees of the Department. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2003, the state paid supplemental salaries to employees of the District in the amount of \$ 47,550. These payments are recorded as revenues and expenditures (expenses) in the 2003 financial statements.

NOTE 7. PENSION PLAN

Plan Description. Substantially all employees of the Bayou Cane Volunteer Fire Department are members of the Louisiana State Firefighter's Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The benefits of the Firefighters' Retirement System are available to employees with 20 years or more years of service who have attained age 50 or employees who have 12 years of service who have attained age 55 or 25 years of service at any age. Benefits equal to 3 1/3% of the employees average compensation based on the 36 consecutive months of highest pay multiplied by their total year of service, not to exceed 100%.

Disability benefits. Active contributing employees are entitled to disability benefits under the provisions of the System. Any employee under the age of 50 who becomes totally disabled in the

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Notes to the Financial Statements
As of and for the year ended December 31, 2003

line of duty will receive 60% of their compensation, or 75% of their accrued retirement benefit with a minimum of 25% of average salary for an injury received, even though not in the line of duty. Any employee age fifty or older who becomes totally disabled from any injury sustained in the line of duty is entitled to the greater of 60% of compensation or their accrued retirement benefit. An employee age fifty or older who becomes totally disabled as a result of any injury, is entitled to benefits equal to their accrued retirement benefit with a minimum of 25% of average salary.

Survivor Spouse Benefits. Survivor spouse benefits under the System are entitled to an annual benefit equal to two-thirds of the deceased employee's compensation if the employee's death is in the line of duty. If a member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit of 3% of the deceased employee's average compensation multiplied by their total years of creditable service. In no event is the annual benefit less than 40% nor more than 60% of the deceased employee's average final compensation.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Systems'. The report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809 or by calling (225) 925-4060.

Funding Policy. The funding policy for the Firefighters' Retirement System changed several times in 2003. It remains that plan members of the System are required by the plan to contribute 8 percent of their gross pay for 2003, 2002, and 2001. However, the employer contribution rate changed almost monthly. The employer contribution rate for January through June 2003 is as follows:

January and February	18.25%
March	9.00%
April	10.25%
May and June	18.25%

On July 25th, the state court issued a temporary order stating that FRS cannot demand employer contributions in excess of 9% until the conclusion of the lawsuit known as "LMA v. La. And FRS". The lawsuit is currently in litigation.

The legislative committee known as PRSAC officially revised the employer contribution rate to 21%, effective July 1, 2003 through June 30, 2004. This 21% rate is optional; an employer could choose to pay only 9%. There would be some risk involved in paying only the 9%. If the Department would choose to pay a 9% employer contribution rate and the LMA wins the lawsuit, then the Department would owe no additional contribution fees. However, if the LMA loses the lawsuit, then the 21% rate would be considered effective since July 1, 2003 and the employer would have to pay all back-contributions, plus interest. The Department has chosen to pay a 21% employer contribution rate. This reduces the risk associated with the outcome of the lawsuit. If LMA wins the lawsuit, then FRS will refund the Department all employer contributions paid in excess of 9%, plus interest. But if the 21% rate has been paid since July 1, 2003, which the

**BAYOU CANE FIRE PROTECTION DISTRICT
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Houma, Louisiana

**Notes to the Financial Statements
As of and for the year ended December 31, 2003**

Department has done, and the LMA looses the lawsuit, then the Department will owe nothing more.

Prior to these increases, the employer contribution rate was 10.25% for December 2002, and 9% from November 2002 back through 2001. The contribution requirements are determined by actuarial valuation and are subject to change based on the results of the valuation for the prior year. The contributions by the Department and plan participants for the years ended December 31, 2003, 2002, and 2001 were \$124,645, \$96,139 and 49,806, respectively.

NOTE 8. COMMITMENTS

On January 12, 1998, The District entered into a fire protection contract with the Bayou Cane Volunteer Fire Department. The contract is renewed automatically unless one of the parties provides written notice of cancellation at least ninety days prior to expiration. 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.

NOTE 9. LITIGATION AND CLAIMS

At December 31, 2003, the District had no litigation or claims pending.

Required Supplemental Information
(Part 2 of 2)

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana**

**Budgetary Comparison Schedule (Non-GAAP) - General Fund
For the Year Ended December 31, 2003**

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget (Positive) Negative</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem tax	\$ 924,040	\$ 913,000	\$ 1,024,257	\$ 111,257
Intergovernmental revenues:				
State revenue sharing	63,136	62,618	62,618	-
Fire insurance rebate	43,665	51,584	51,584	-
Supplemental pay	52,200	47,550	47,550	-
Interest income	7,620	4,718	4,716	(2)
Miscellaneous income	5,000	20,813	5,697	(15,116)
Total general revenues	<u>\$ 1,095,661</u>	<u>\$ 1,100,283</u>	<u>\$ 1,196,423</u>	<u>\$ 96,139</u>
Expenditures				
Public safety				
Personnel services	877,617	827,017	825,265	1,752
Supplies and materials	80,700	19,300	62,253	(42,953)
Repairs and maintenance	20,907	84,967	7,438	77,529
Contracted services - 911 service	12,315	12,929	19,938	(7,009)
Other services and charges:				
Insurance	31,500	36,550	35,957	593
Utilities and telephone	32,000	34,000	29,866	4,134
Other	2,600	5,850	5,608	242
General government				
Per diems paid to board members	1,800	1,675	1,830	(155)
Professional fees	7,300	21,300	8,985	12,315
Capital outlay	-	-	9,397	(9,397)
Debt Service				
Principal payments	96,000	73,874	73,874	-
Interest	-	-	-	-
Total expenditures	<u>\$ 1,162,739</u>	<u>\$ 1,117,461</u>	<u>\$ 1,080,411</u>	<u>\$ 37,050</u>
Other (Sources) and Uses				
Terrebonne parish grant	-	5,178	5,178	-
Proceeds from insurance claims	-	-	4,300	4,300
Donations received	15,000	12,500	12,564	64
Total other (sources) and uses	<u>\$ 15,000</u>	<u>\$ 17,678</u>	<u>\$ 22,042</u>	<u>\$ 4,364</u>
Net change in fund balance	(52,078)	500	138,054	133,190
Budgetary fund balances:				
Beginning of the year	78,536	78,536	78,536	-
End of the year	<u>\$ 26,458</u>	<u>\$ 79,036</u>	<u>\$ 216,590</u>	<u>\$ 133,190</u>

Supplemental Information

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, LA**

**Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2003**

<u>Board Member</u>	<u>Per Diem</u>	<u>No. of Days</u>	<u>Total Per Diem</u>
Tommy Beeson	\$ 30	10	\$ 300.00
Danny Gaudet	30	1	30.00
Amy Gautreaux	30	12	360.00
Billy Hebert	30	12	360.00
Tony Indovina	30	13	390.00
K. H. "Doc" Wright	30	13	390.00
Total			\$ 1,830.00

Individual board members have the option to return their per diem back to the District as a donation to the District. Some members of the board have chosen to do this.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**

Houma, Louisiana

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2003**

Ref. no.

0212-1

Fiscal year finding initially occurred

Fiscal year ending December 31, 2002

Description of Finding:

Local Government Budget Act LSA-RS 39:1301-14 requires that the governing authority amend its budget when actual expenditures plus projected expenditures for year-end exceed budgeted expenditures by five percent or more. The budget was amended during the fiscal year to comply with this requirement. However, the budgeted revenues deviated from the actual amounts by 8%.

Corrective Action Taken:

The District currently monitors the budget on a monthly basis and amends the budget at year-end if necessary.

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**

Houma, Louisiana

Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 2003

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>0312-1</u>	<u>See below</u>	<u>See below</u>	<u>Jerry Gautreaux Fire Chief</u>	<u>12/31/04</u>

Description of Finding:

Local Government Budget Act LSA-RS 39:1301-14 requires that the governing authority amend its budget when actual expenditures plus projected expenditures for year-end exceed budgeted expenditures by five percent or more. The budget was amended during the fiscal year to comply with this requirement. However, the budgeted revenues deviated from the actual amounts by 9%. This was due to the first receipt of 2003 ad valorem taxes being received in December 2003, which is usually not received until January. The receipt was large enough to skew the budget and cause revenues to deviate by more than 5% of the budgeted amount. Had the District not received this payment until January, the budgeted revenues would have been in line with actual revenues.

Corrective Action Planned:

The District currently monitors the budget on a monthly basis and amends the budget at year-end if necessary. However, the budget deviation occurred as a result of unusual timing in the receipt of ad valorem revenue and was unavoidable.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Report on Compliance and on Internal Control



**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 Board of Commissioners
Bayou Cane Fire Protection District
Terrebonne Parish Council
Houma, Louisiana

We have audited the general-purpose financial statements of the Bayou Cane Fire Protection District, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 20, 2004. 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 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*. See finding 0312-1 on page 28.

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 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 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "T.S. Kearns & Co.", written in dark ink.

May 20, 2004

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT