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

Houma, Louisiana

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

As of and for the Year Ended December 31, 2006

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 7-18-07

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
501 Canal Boulevard, Thibodaux, LA 70301
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com
kearns@kearnscpa.com

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

Houma, Louisiana

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

As of and for the year ended December 31, 2006

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

Houma, Louisiana

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

As of and for the year ended December 31, 2006

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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 financial statements of the governmental activities, the component unit, and the major fund of the Bayou Cane Fire Protection District, a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements 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 auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, component unit, and the major fund, and of the Bayou Cane Fire Protection District as of December 31, 2006, and the and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2007 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing*

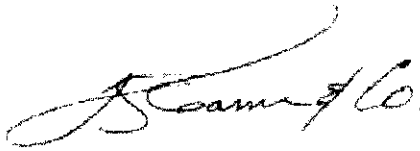
TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)
501 Canal Boulevard, Thibodaux, LA 70301
(985) 447-8507 Fax (985) 447-4833
kearns@kearnscpa.com
www.kearnscpa.com

Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and page 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bayou Cane Fire Protection District's basic financial statements. The accompanying supplemental information as listed in the table of contents are presented for purposes of additional analysis and are 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 29, 2007

Financial Section

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, 2006

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, 2006. Please read it in conjunction with the District's financial statements, which begin on page 11.

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.

FINANCIAL HIGHLIGHTS

- The financial statements included in this report provide insight into the financial status for the year. At year-end, the District's assets exceeded its liabilities by \$2,676,172 (net assets) which represents an 26.5% increase over last year.
- The District's revenue increased \$399,056 (or 22.2%). This is primarily due to increases in ad valorem and the receipt of a piece of land donated to the District for a future fire station.
- The District's expenditures increased \$163,421 (or 11%) primarily due to an increase in personnel expenditures and training.
- The District purchased a new fire vehicle, Ladder 8, in 2005. A lease purchase agreement was created with Municipal Asset Management, Inc. in order to finance the truck. The District paid \$90,949 and \$24,258 in principal and interest payments respectively. The balance due at year-end was \$609,050.
- Total payments for the year to Bayou Cane Volunteer Fire Department for fire protection were \$1,823,845. For fire protection, in 2005, 2004, and 2003, the District paid \$1,163,200, \$1,189,000, and \$1,102,000, 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 Bayou Cane Fire Protection District.

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2006

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 11 and 12 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 13. 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

The financial statements of the District as a whole begins on page 11. 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 following table presents condensed information on the District's net assets:

	<u>2006</u>	<u>2005</u>	<u>Difference</u> <u>\$</u>	<u>Difference</u> <u>%</u>
ASSETS				
Current assets	\$ 2,540,834	\$ 2,105,128	\$ 435,707	20.7%
Capital assets, net of depreciation	3,108,781	2,603,242	505,538	19.4%
Other assets	6,990	5,638	1,353	24.0%
Total assets	<u>5,656,605</u>	<u>4,714,008</u>	<u>942,597</u>	<u>20.0%</u>
LIABILITIES				
Current liabilities	2,457,392	1,981,640	475,752	24.0%
Long-term liabilities	523,041	616,120	-93,079	-15.1%
Total liabilities	<u>2,980,433</u>	<u>2,597,760</u>	<u>382,673</u>	<u>14.7%</u>

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NET ASSETS

Investment in capital assets, net of related debt	2,499,731	1,903,011	596,719	31.4%
Unrestricted	<u>176,442</u>	<u>213,236</u>	<u>(36,795)</u>	<u>-17.3%</u>
Total net assets	<u>\$ 2,676,172</u>	<u>\$ 2,116,248</u>	<u>\$ 559,925</u>	<u>26.5%</u>

- The District's current assets have increased almost 21% over the prior year. This is due to the millage increase passed by the voters of the Bayou Cane community in 2003 which is reflected in a large increase in ad valorem receivable.
- The 19% increase in capital assets, net of depreciation is due largely to the acquisition of \$645,948 in much needed assets. The District received a piece of land which was donated in order to build a fifth fire station in the District. This land was valued at \$120,000 at the time of the donation and is included in capital outlay on the financial statements.

The following table presents condensed information on the District's changes in net assets:

	<u>2006</u>	<u>2005</u>	<u>Difference</u> <u>\$</u>	<u>Difference</u> <u>%</u>
Revenue				
Ad valorem tax	1,746,563	1,548,526	198,037	12.8%
Intergovernmental revenues:				
State revenue sharing	93,225	90,167	3,058	3.4%
Fire insurance rebate	69,877	59,608	10,269	17.2%
Supplemental pay	47,080	46,330	750	1.6%
FEMA grant	15,234	-	15,234	
Interest income	54,138	23,218	30,920	133.2%
Donations received	120,000	890	119,110	13383.1%
Miscellaneous income	49,659	28,962	20,697	71.5%
Gain on sale of assets	982	-	982	
Total revenue	<u>2,196,757</u>	<u>1,797,701</u>	<u>399,056</u>	<u>22.2%</u>
Expenses				
Public safety - fire protection	1,636,598	1,473,177	163,421	11.1%
Total expenses	<u>1,636,598</u>	<u>1,473,177</u>	<u>163,421</u>	<u>11.1%</u>
Change in net assets	560,159	324,524	235,635	72.6%
Net assets:				
Beginning of the year	<u>2,116,013</u>	<u>1,791,723</u>	<u>324,290</u>	<u>18.1%</u>
End of the year	<u>2,676,172</u>	<u>2,116,247</u>	<u>559,925</u>	<u>26.5%</u>

**BAYOU CANE FIRE PROTECTION DISTRICT
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Management's Discussion and Analysis
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- The increase in ad valorem tax and state revenue sharing revenue is due to the millage increase passed by the voters of the Bayou Cane community in 2003. Fiscal year 2005 was the first year that the District began collecting those increased revenues related to the 2003 millage increase.

In 2006, the District's overall financial position as improved compared to the prior year. This is primarily due to the millage increase passed by the voters of the Bayou Cane community in 2003 and the District's efforts to expend only those funds which are necessary to provide fire protection to the community as efficiently as possible.

GOVERNMENTAL ACTIVITIES

Fund financial statements, beginning on page 13, 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 an unreserved fund balance of \$187,055. This reflects a decrease of \$37,842 from last year. The cash purchase of Ladder 9, without proceeds from financing, was the reason for the decrease in unreserved fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared using the cash basis of accounting. It was amended one time during the year, on December 18, 2006 to more accurately reflect the District's financial activity for the year.

For the fiscal year 2006, budgeted revenues and expenditures deviated from actual revenues and expenditures by 4% and 7%, respectively. These variations has a positive effect on the District. Actual revenue was higher than budget amounts, while actual expenditures fell short of budgeted amounts. A budget to actual comparison schedule can be found on page 30.

CAPITAL ASSETS

At the end of the year, the District has \$3,108,781 invested in capital assets, including land, buildings and improvements, furniture, fire fighting equipment, and vehicles. \$645,948 was invested in capital assets throughout the district in order to provide enhanced fire services and

BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL
Houma, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2006

protection for firefighters. The purchase of a new fire truck, Ladder 9, represents 72% of total capital expenditures for the year. More detailed information about the District's capital assets is presented in Note 3 of the financial statements.

LONG-TERM DEBT

In 2005, the District obtained financing of \$699,999 for the purpose of paying a portion of the cost of a new fire truck. During this fiscal year, the District paid \$90,949 and \$24,258 in principal and interest payments, respectively. The balance due at year-end was \$609,050.

More detailed information about the District's long-term debt is presented in Note 4 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors considered the following items when setting next year's budget, rates, and fees. These factors include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2006 assessment, which the District will receive, for the most part, in January 2007.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of capital assets needed to be purchased as well as major repairs to be done to existing assets.

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 2006, 2005, 2004, and 2003.

<u>Type of Call</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Fire	72	144	124	102
Explosion, Overheat (no fire)	12	13	14	8
Rescue & EMS	1710	1,587	1,223	1,207
Hazardous Condition (no fire)	98	391	170	45
Service Call	47	234	493	198
Good Intent	517	247	145	88

**BAYOU CANE FIRE PROTECTION DISTRICT
TERREBONNE PARISH COUNCIL**
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Management's Discussion and Analysis
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False Alarm	189	235	170	147
Special Incident Type	2	2	3	1
Severe Weather & Natural Disaster	3	10	27	5
Total	<u>2,650</u>	<u>2,863</u>	<u>2,369</u>	<u>1,801</u>
	-7%	21%	32%	14%

Increase or decrease from prior year

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, Superintendent, 6166 West Main Street, Houma, Louisiana 70360.

CLOSING COMMENTS

On November 15, 2003, the voters of the Bayou Cane Community approved a millage increase for fire protection. 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.

Basic Financial Statements

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

**Statement of Net Assets
December 31, 2006**

	<u>Governmental Activites</u>
ASSETS	
Current assets	
Cash	\$ 247,734
Ad valorem taxes receivable	2,182,146
State revenue sharing receivable	110,920
Other receivables	35
Total current assets	<u>2,540,834</u>
Capital assets	
Land, non-depreciable	385,000
Other capital assets, net of accumulated depreciation	2,723,781
Total capital assets	<u>3,108,781</u>
Other assets	
Certificates of deposit - protest taxes	6,990
Total other assets	<u>6,990</u>
Total assets	<u>\$ 5,656,605</u>
LIABILITIES	
Current liabilities	
Accrued payroll and related liabilities	\$ 20,647
Payroll withholdings payable	16,311
Accounts payable	23,954
Accrued interest payable	10,613
Deferred revenues	2,293,066
Long-term debt due within one year	92,802
Total current liabilities	<u>2,457,392</u>
Long-term liabilities	
Accounts held in escrow - protest taxes	6,793
Long-term debt due in more than one year	516,248
Total long-term liabilities	<u>523,041</u>
Total liabilities	<u>\$ 2,980,433</u>
NET ASSETS	
Investment in capital assets, net of related debt	\$ 2,499,731
Unrestricted	176,442
Total net assets	<u>\$ 2,676,172</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, 2006**

	<u>Program Revenues</u>		<u>Total</u>
	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	
<u>Expenses</u>			
Expenses:			
Public safety - fire protection:			
Personal services and related benefits	\$ 1,157,723		\$ 1,157,723
Repairs and maintenance - buildings and grounds	37,901		37,901
Professional fees	6,455		6,455
Insurance	66,993		66,993
Contractual services	16,224		16,224
Supplies, materials and equipment maintenance	135,219		135,219
Utilities and telephone	36,014		36,014
Training and travel	16,511		16,511
Other	3,025		3,025
Depreciation expense	137,557		137,557
Interest expense	22,976		22,976
	<u>1,636,598</u>		<u>1,636,598</u>
Total governmental activities	\$ 1,636,598		\$ 1,636,598
 General Revenues:			
Ad valorem tax		\$ 1,746,563	
Intergovernmental revenues:			
State revenue sharing		93,225	
Fire insurance rebate		69,877	
Supplemental pay		47,080	
FEMA grant		15,234	
Interest income		54,138	
Donations received		120,000	
Gain on sale of capital assets		982	
Miscellaneous income		49,659	
		<u>2,196,757</u>	
Total general revenues		\$ 2,196,757	
Change in net assets		560,159	
 Net assets:			
Beginning of the year		<u>\$ 2,116,013</u>	
End of the year		<u>\$ 2,676,172</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, 2006**

	<u>General Fund</u>
ASSETS	
Cash	\$ 247,734
Ad valorem taxes receivable	2,182,146
State revenue sharing receivable	110,920
Other receivables	35
Certificates of deposit	<u>6,990</u>
Total assets	<u>\$ 2,547,825</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued payroll and related liabilities	\$ 20,647
Payroll withholdings payable	16,311
Accounts payable	23,954
Deferred revenues	2,293,066
Accounts held in escrow	<u>6,793</u>
Total liabilities	<u>\$ 2,360,770</u>
Fund balances:	
Fund balance - unreserved	<u>\$ 187,055</u>
Total fund balance	<u>\$ 187,055</u>
Total liabilities and fund balance	<u>\$ 2,547,825</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 - General Fund
For the Year Ended December 31, 2006**

Revenues	
Ad valorem tax	\$ 1,746,563
Intergovernmental revenues:	
State revenue sharing	93,225
Fire insurance rebate	69,877
Supplemental pay	47,080
FEMA grant	15,234
Interest income	54,138
Miscellaneous income	49,659
	<hr/>
Total revenues	\$ 2,075,775
Expenditures	
Public safety	
Personal services	\$ 1,157,723
Supplies, materials and equipment maintenance	135,219
Repairs and maintenance - buildings and grounds	37,901
Contracted services	16,224
Training & travel	16,511
Other services and charges:	
Insurance	66,993
Utilities and telephone	36,014
Other	3,025
General government	
Professional fees	6,455
Capital outlay	645,948
Debt Service	
Principal payments	90,949
Interest	24,258
	<hr/>
Total expenditures	\$ 2,237,221
Change in Fund Balance before Other Financing Sources (Uses)	\$ (161,445)
Other Financing Sources (Uses)	
Proceeds from sale of capital assets	3,603
Donations received	120,000
	<hr/>
Total other financing sources (uses)	\$ 123,603
Net change in fund balances	\$ (37,842)
Fund balances:	
Beginning of the year	224,897
End of the year	<u>\$ 187,055</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, 2006**

Total Fund Balances - Total Governmental Funds \$ 187,055

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 3,108,781

Long-term debt is not due and payable in the current period and, therefore, is 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	\$	(10,613)	
Long-term debt balance at 12/31/06		(609,050)	
		(619,663)	(619,663)

Total Net Assets - Governmental activities \$ 2,676,172

**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, 2006**

Net Change in Fund Balances - Total Governmental Funds \$ (37,842)

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 which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 645,948	
Basis of capital assets removed from service	982	
Depreciation expense for the year ending December 31, 2006	<u>(137,557)</u>	
		509,374

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. 90,949

The proceeds from the sale of assets provides current financial resources
to governmental funds; however, it has no effect on net assets. (3,603)

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>\$ 1,282</u>	
		<u>1,282</u>

Change in Net Assets - Governmental activities		<u><u>\$ 560,159</u></u>
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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, 2006

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.

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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*. 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. 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

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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. These 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.

D. 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.

E. 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.

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.

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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.

F. Budgets and Budgetary Accounting

As required by state law, the District adopts an annual budget for the General Fund. The budget is prepared on the cash basis, a non-GAAP basis, of accounting which is the method of accounting in which the District's financial records are kept. 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.

G. Bank Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts, and time deposits. Investments include amounts in the Louisiana Asset Management Pool. 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.

Under state law, the board may invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. Investments are stated at cost.

The District invests funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable

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public entities of the State of Louisiana to aggregate funds for investment. For financial statement purposes, LAMP investments are valued and reported at fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operated in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

H. 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.

I. 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 – 30 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.

J. Compensated Absences

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

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K. 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.

L. 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.

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.

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NOTE 2. DEPOSITS AND INVESTMENTS

Bank Deposits:

At December 31, 2006, the District has interest-bearing demand deposits (book balances) totaling \$ 254,724, shown as follows:

<u>Cash & Equivalents</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Bayou Cane District:					
South Louisiana Bank					
Demand Deposit Account	\$ 28,015	\$ 28,015	0.23%	Demand	Category 1
CD #4088357	1,155	1,155	3.75%	1/17/2007	Category 1
CD #4219236	2,565	2,565	5.00%	10/6/2007	Category 1
CD #4228901	1,161	1,161	5.00%	9/20/2007	Category 1
CD #4228928	636	636	5.00%	9/19/2007	Category 1
CD #4228936	1,473	1,473	5.00%	9/13/2007	Category 1
Total - District	<u>35,005</u>	<u>35,005</u>			
Bayou Cane VFD:					
South Louisiana Bank - checking	48,370	48,370	0.23%	Demand	Category 1
LAMP	<u>171,350</u>	<u>171,350</u>	4.99%	Demand	Not required
Total - Department	<u>219,720</u>	<u>219,720</u>			
Total Cash	<u>\$ 254,725</u>	<u>\$ 254,725</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, 2006, the District and the Department had \$ 35,005 and \$ 224,561 in bank deposits, respectively. The difference in the book and bank balances for these checking accounts relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, all required deposit balances (bank balances) are secured by federal deposit insurance and pledged securities.

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Investments:

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAM rated funds to restrict the average weighted average maturity of investments to 60 days or less in order to maintain its AAAM rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates. The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the District's demand deposit because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

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Notes to the Financial Statements
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NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>12/31/2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2006</u>
Governmental activities:				
Buildings & improvements	\$ 1,161,527	\$ 3,255	-	\$1,164,782
Land	265,000	120,000	-	385,000
Vehicles	1,746,982	484,908	-	2,231,891
Furniture & equipment	312,524	37,785	\$ (8,000)	342,309
 Total capital assets	 <u>3,486,033</u>	 <u>645,948</u>	 <u>(8,000)</u>	 <u>4,123,982</u>
Less accumulated depreciation for:				
Buildings	(186,483)	(32,992)	-	(219,475)
Vehicles	(588,657)	(68,532)	-	(657,189)
Furniture & equipment	(107,652)	(36,377)	5,490	(138,538)
 Total accumulated depreciation	 <u>(882,791)</u>	 <u>(137,901)</u>	 <u>5,490</u>	 <u>(1,015,202)</u>
 Total capital assets, net of depreciation	 <u>\$ 2,603,242</u>	 <u>\$ 508,048</u>	 <u>\$ (2,510)</u>	 <u>\$3,108,780</u>

During the fiscal year ended December 31, 2006, the District received a donation of a piece of land, valued at \$120,000. This land is located on Highway 311 in Houma, Louisiana. It is the board's intentions to use the land to build Fire Station Five.

NOTE 4. LONG-TERM AND SHORT-TERM DEBT

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

	<u>12/31/2005</u>	<u>Additions</u>	<u>Principal paid</u>	<u>12/31/2006</u>
Lease Purchase Agreement	\$ 699,999	-0-	\$ 90,949	\$ 609,050

In 2005, the District obtained financing for the purpose of paying a portion of the cost of a new fire truck, Ladder 8. The note is secured by the fire vehicle purchased and is payable

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by annual ad valorem revenues at a rate of 3.67% with a maturity date of July 2012. Of the total principal due at year-end, \$92,802 is due within one year.

Principal and interest requirements on long-term debt is as follows:

Year ending December 31,	Principal	Interest	Total Debt Service Requirement
2007	92,802	22,488	115,290
2008	95,845	19,445	115,290
2009	99,452	15,838	115,290
2010	103,195	12,095	115,290
2011	107,079	8,211	115,290
2012	110,676	4,181	114,857
	<u>\$ 609,050</u>	<u>\$ 82,258</u>	<u>\$ 691,308</u>

The District had no short-term debt during the fiscal year.

NOTE 5. LEVIED 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. Taxes are due and payable December 31 with interest being charged on payments after January 1.

On November 15, 2003, the voters of the Bayou Cane Community approved a millage increase for fire protection. The District levied 17 of the authorized 20 mills for 2006. These taxes and related state revenue sharing are budgeted for year ending December 31, 2007 and are included as deferred revenue on the Statement of Net Assets as of December 31, 2006. The tax is collected by the Parish Sheriff's Office and remitted to the District.

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NOTE 6. ON-BEHALF PAYMENTS FOR SALARIES

Supplemental salary payments are made by the state to certain eligible employees of the Fire Department, in addition to the compensation they receive from the Department. The amount of the supplemental pay is determined by State Law and is revised periodically. The basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2006, the state paid supplemental salaries to employees of the District in the amount of \$ 47,080. These payments are recorded as revenues and expenditures (expenses) in the 2006 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, deferred and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana.

The 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 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 employees 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

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As of and for the year ended December 31, 2006

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 System. The report may be obtained by writing to the Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or by calling (225) 925-4060.

Funding Policy. Plan members of the System are required by the plan to contribute 8% of their gross pay for 2006, 2005, and 2004. The employer contribution rate for January through June 2006 was 18%. The rate decreased for the months of July through December 2006 to 15.5%.

For fiscal year 2005, the employer contribution rate fluctuated between 18% and 21%. For fiscal year 2004, the employer contribution rate for January through June was 21%. The rate increased to 24% effective July 1, 2004. 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, 2006, 2005, and 2004, were \$109,691, \$113,571, and \$127,077, 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. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

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Notes to the Financial Statements
As of and for the year ended December 31, 2006

NOTE 10. LITIGATION AND CLAIMS

At December 31, 2006, the District had no litigation pending.

Required Supplemental Information
(Part 2 of 2)

**BAYOU CANE FIRE PROTECTION DISTRICT
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Houma, Louisiana**

**Budgetary Comparison Schedule - General Fund (Non-GAAP)
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem tax	\$ 1,739,244	\$ 1,778,897	1,746,563	\$ (32,334)
Intergovernmental revenues:				
State revenue sharing	110,000	93,070	93,225	155
Fire insurance rebate	59,608	69,877	69,877	-
Supplemental pay	49,200	47,080	47,080	-
FEMA grant	-	-	15,234	15,234
Interest income	22,000	55,522	54,138	(1,384)
Miscellaneous income	4,000	60,936	49,659	(11,277)
Total general revenues	<u>\$ 1,984,052</u>	<u>\$ 2,105,382</u>	<u>\$ 2,075,776</u>	<u>\$ (29,606)</u>
Expenditures				
Public safety				
Personal services	1,235,200	1,204,200	1,165,481	38,719
Supplies, materials and equipment maint.	149,000	182,000	156,695	25,305
Contracted services	15,000	15,000	-	15,000
Training & travel	38,000	20,000	16,592	3,408
Other services and charges:				
Insurance	45,000	67,000	64,286	2,714
Utilities and telephone	50,000	42,000	36,138	5,862
Other	239,190	6,100	19,219	(13,119)
General government				
Repairs and maintenance - buildings & grounds	56,495	35,495	33,673	1,822
Professional fees	16,500	8,000	6,455	1,545
Capital outlay	340,667	822,348	633,152	189,196
Debt Service				
Principal payments	-	-	90,949	(90,949)
Interest	-	-	24,258	(24,258)
Total expenditures	<u>\$ 2,185,052</u>	<u>\$ 2,402,143</u>	<u>\$ 2,246,897</u>	<u>\$ 155,246</u>
Other Sources and (Uses)				
Proceeds from sale of assets	-	-	3,603	3,603
Donations received	1,000	-	120,000	120,000
Total other sources and (uses)	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 123,603</u>	<u>\$ 123,603</u>
Net change in fund balance	(200,000)	(296,761)	(47,518)	249,243
Fund balances:				
Beginning of the year	200,000	296,760	269,175	27,585
End of the year	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 221,657</u>	<u>\$ 221,658</u>

Supplemental Information Schedules

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

**Schedule of Compensation Paid to Board Members
 For the Year Ended December 31, 2006**

<u>Board Member</u>	<u>Per Diem</u>	<u>No. of Days</u>	<u>Total Per Diem</u>
Tommy Beeson			\$ -
Ed Lawson			
Amy Gautreaux			
Lionel Falgout			
K. H. "Doc" Wright			
Total			<u>\$ -</u>

During the June 13, 2005, board meeting, the District resolved to discontinue paying board members a per diem for their services.

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Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2006

Ref. no.

0512-1

Fiscal year finding initially occurred

Fiscal year ending December 31, 2005

Description of Finding:

Local Government Budget Act LSA-RS 39:1301-14 requires that the governing authority amend its budget when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, fail to meet total budgeted revenues and other sources by five percent or more or when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, exceed the total budgeted expenditures and other uses by five percent or more.

The District's board amended the budget towards the end of the fiscal year to comply with this requirement. However, the District's focus was on the more immediate need of the community by assisting in the recovery of the victims of both Hurricanes Katrina and Rita. Therefore, budgeted revenues and other sources and budgeted expenditures deviated from the actual amounts more than 5%.

Corrective Action Taken:

The District currently monitors the budget on a monthly basis and amends the budget at year-end, if necessary. Steps have been taken to insure that the amended budget more accurately reflects actual revenues and expenditures.

**BAYOU CANE FIRE PROTECTION DISTRICT
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Houma, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2006

<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>0612-1</u>	<u>See below</u>	<u>See below</u>	<u>Jerry Gautreaux Superintendent</u>	<u>12/31/07</u>

Description of Finding:

Local Government Budget Act LSA-RS 39:1311 requires that the governing authority amend its budget when actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

The District's board amended the budget towards the end of the fiscal year to comply with this requirement. However, actual beginning fund balance failed to meet estimated beginning fund balance by more than 5% and fund balance was used to fund current year expenditures.

Corrective Action Planned:

The District begins preparing and advertising its budget as early as July so as to allow ample time for public input. Beginning January 1st, the budget is monitored on a monthly basis and amended at year-end. When the budget was originally prepared, the beginning fund balance was estimated. At year-end, when the amended budget was prepared, the amount budgeted for beginning fund balance was incorrect. It still reflected the estimated balance instead of the actual balance. In the future, steps will be taken to insure that the amended budget will more accurately reflect actual beginning fund balance.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, component unit, and the major fund of the Bayou Cane Fire Protection District (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2006, which collectively comprise the Bayou Cane Fire Protection District's basic financial statements and have issued our report thereon dated May 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

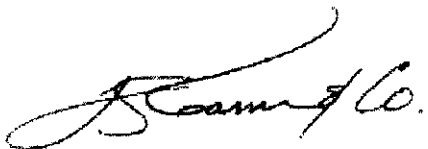
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grant agreements, 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* and which are described in the accompanying Corrective Action Plan for Current Year Findings as item 0612-1.

The Bayou Cane Fire Protection District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan for Current Year Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, others within the organization, the State of Louisiana, Legislative Auditor for the State of Louisiana, and federal awarding agencies. However, under Louisiana Revised Statute 24:513, this report is a matter of public record and its distribution is not limited.



Thibodaux, Louisiana
May 29, 2007