



**BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC.
FIRE FIGHTERS' ACCOUNT FUND**

Houma, Louisiana

Financial Statements
With Supplemental Information Schedules
And Independent Auditor's Reports

As of and for the Year Ended December 31, 2002

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
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FIRE FIGHTERS' ACCOUNT FUND**

Houma, Louisiana

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

As of and for the year ended December 31, 2002

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Independent Auditor's Report

To the Board of Commissioners
Bayou Cane Volunteer Fire Department, Inc.
Fire Fighters' Account Fund
Houma, Louisiana

We have audited the accompanying financial statements of the Bayou Cane Volunteer Fire Department, Inc. Fire Fighters' Account Fund (the Account) (A Non-Profit Organization), as of and for the year ended December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these 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.

The financial statements present only the Fire Fighters' Account Fund which includes the LAMP account and do not include the assets, liabilities, and fund balances and revenues and expenditures that are recorded in other funds of the Bayou Cane Volunteer Fire Department, Inc. Accordingly, the accompanying financial statements are not intended to present the financial position of Bayou Cane Volunteer Fire Department, Inc. as of December 31, 2002, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bayou Cane Volunteer Fire Department, Inc. Fire Fighters' Account Fund as of December 31, 2002, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2003 on our consideration of the Bayou Cane Volunteer Fire Department, Inc. Fire Fighters' Account Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in cursive script, appearing to read "Timothy S. Kearns".

May 28, 2003

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

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BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC
FIRE FIGHTERS' ACCOUNT FUND
Houma, Louisiana

Balance Sheet
December 31, 2002

ASSETS

Cash - South Louisiana checking account	\$ 22,126
Cash - LAMP	<u>40,060</u>
Total assets	<u><u>\$ 62,186</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 66,096
Accrued payroll & related liabilities	33,806
Fund Balance - unreserved	<u>(37,716)</u>
Total liabilities and fund balance	<u><u>\$ 62,186</u></u>

The accompanying notes are an integral part of this statement.

**BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC
FIRE FIGHTERS' ACCOUNT FUND
Houma, Louisiana**

**Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 2002**

REVENUES

Intergovernmental:

Bayou Cane Fire Protection District:

Contractual services	\$ 993,000
State Insurance Rebate	43,663
State Supplemental Pay	33,052

Miscellaneous:

Interest earned	7,187
Donations	12,230
Other	<u>2,926</u>

Total revenues 1,092,057

EXPENDITURES

Public safety:

Personal services	828,137
Supplies and materials	89,606
Repairs and maintenance	26,450
Contracted services - 911 service	6,314
Other services and charges:	
Insurance	31,621
Training and travel	1,901
Utilities and telephone	28,571
Professional fees	3,153
Medical	990
Other	<u>10,584</u>

Total expenditures 1,027,327

Change in Fund Balance before Other Financing Sources (Uses) 64,731

OTHER FINANCING SOURCES (USES)

Transfer in from BCVFD Private Contributions account	200,000
Capital assets transferred to Bayou Cane Fire District	(92,213)
Bayou Cane District debt serviced by BCVFD	(185,648)
Bayou Cane District expenses paid by BCVFD	<u>(3,555)</u>

Total other financing sources (uses) (81,417)

NET CHANGE IN FUND BALANCE (16,686)

FUND BALANCE AT BEGINNING OF YEAR (6,518)

Prior period adjustment (Note 7) (14,512)

FUND BALANCE AT END OF YEAR \$ (37,716)

The accompanying notes are an integral part of this statement.

**BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC.
FIRE FIGHTERS' ACCOUNT FUND
Houma, Louisiana**

**Notes to the Financial Statements
As of and for the year ended December 31, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bayou Cane Volunteer Fire Department, Inc. is organized as a non-profit, quasi-governmental corporation to provide fire protection to the Parish of Terrebonne. The Fire Fighters' Account Fund (the Account) is a restricted fund of the corporation to account for revenues from governmental agencies.

The financial statements of the Accounts are prepared on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related liability is incurred. Fixed assets and long-term debt are accounted for in other funds, and accordingly, capital additions and debt retirement are shown as changes to fund balance. Amounts transferred from other funds of the corporation are also shown as changes to fund balance.

NOTE 2. FIRE PROTECTION CONTRACT AND ECONOMIC DEPENDENCE

On May 3, 1997, the voters of the Bayou Cane Fire Protection District (the District) approved a 10 mill property tax for a period of 10 years beginning in 1997 to operate and maintain fire protection services. The District has contracted with the Fire Department to provide these services for a period of one year beginning January 12, 1998. The contract is renewed automatically unless one of the parties provides written notice of cancellation at least ninety days prior to expiration. The income from this contract accounts for a substantial portion of the Fire Department's revenues.

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2002, the Fire Fighter's Fund has interest-bearing demand deposits (book balances) totaling \$ 62,186.

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. Deposit balances (bank balances) at December 31, 2002, are secured by federal deposit insurance and pledged securities.

NOTE 4. RISK MANAGEMENT

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage this risk, the Fire Department has obtained coverage through participation in the Terrebonne Parish Government's self-insurance program and through the purchase of commercial insurance. During 2002, there were no claims in excess of insurance coverage.

**BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC.
FIRE FIGHTERS' ACCOUNT FUND
Houma, Louisiana**

**Notes to the Financial Statements
As of and for the year ended December 31, 2002**

NOTE 5. ON-BEHALF PAYMENTS FOR SALARIES

Supplemental salary payments are made by the state directly to a certain group of employees of the District. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2002, the state paid supplemental salaries to employees of the District in the amount of \$. These payments are recorded as revenues and expenditures (expenses) in the 2002 financial statements under the General Fund.

6. PENSION PLAN

Plan Description. Substantially all employees of the Bayou Cane Volunteer Fire Department are members of the 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 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 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.

**BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC.
FIRE FIGHTERS' ACCOUNT FUND
Houma, Louisiana**

**Notes to the Financial Statements
As of and for the year ended December 31, 2002**

Funding Policy. Plan members of the System are required by the plan to contribute 8 percent for 2002, 2001, and 2000 of their gross pay, while the employer contribution rate is currently 10.25%, effective December 1, 2002. Prior to this increase, the employer contribution rate for 2002, 2001 and 2000, was 9% of the annual covered payroll. The contribution requirements are determined by actuarial valuation and are subject to change each year 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, 2002 and 2001, were \$96,139 and 49,806, respectively, equal to the required contributions for each year.

NOTE 7. CHANGE IN ACCOUNT GROUPINGS

Prior to 2002, all insurance expense was grouped into the financial statement account grouping 'insurance'. This included insurance related to payroll such as workers compensation, health, life and disability insurance. In the financial statements for the year ended December 31, 2002, these insurances have been regrouped into the 'personal services' account grouping to better reflect the true cost of payroll and related payroll benefits.

NOTE 9. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$14,512 was made to record 2001 accrued payroll paid in 2002.

NOTE 10. LITIGATION AND CLAIMS

As of December 31, 2002, there was no pending or threatened litigation against the Bayou Cane Volunteer Fire Department.

Supplemental Information Schedules

BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC.
FIRE FIGHTERS' ACCOUNT FUND
Houma, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2002

Schedule 1

<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>None</u>	<u></u>	<u></u>	<u></u>	<u></u>

Description of Finding:

There were no findings reported.

Corrective Action Taken:

BAYOU CANE VOLUNTEER FIRE DEPARTMENT, INC.

Schedule 2

FIRE FIGHTERS' ACCOUNT FUND

Houma, Louisiana

Corrective Action Plan for

Current Year Audit Findings

For the Year Ended December 31, 2002

<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>None</u>	<u></u>	<u></u>	<u></u>	<u></u>

Description of Finding:

There were no findings required to be reported.

Corrective Action Planned:

**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 Volunteer Fire Department, Inc.
Houma, Louisiana

We have audited the financial statements of the Bayou Cane Volunteer Fire Department, Inc. Fire Fighters' Account Fund, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 28, 2003. 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 Volunteer Fire Department, Inc. Fire Fighters' Account Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standard*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bayou Cane Volunteer Fire Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended 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 28, 2003