

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche
State of Louisiana
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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 8/17/11

BAYOU BLUE FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
FINANCIAL SECTION	
Independent Auditor's Report	7
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet – Governmental Fund –General Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund – General Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund to the Statement of Activities	13
Notes to the Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION	
Budget Comparison Schedule – General Fund	24
REPORTS REQUIRED ACCORDING TO GOVERNMENT AUDITING STANDARDS	
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	25
SCHEDULE OF CURRENT YEAR FINDINGS	27

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2010. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$105,064, or nearly 11%. As a result of this year's operations assets exceeded liabilities by \$1,000,812 (net assets).
- During the year, expenses were \$287,733 more than the \$55,523 generated in program revenues for governmental programs. General revenues of \$337,274 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$105,064. This compares to last year when revenues exceeded expenses by \$175,581.
- Program expenses increased by \$104,194, or about 36%.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Bayou Blue Fire Protection 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 as a whole and about 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 net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Bayou Blue Fire Protection District.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Blue Fire Protection District utilizes mainly the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net assets increased from \$895,748 to \$1,000,812, or about 10%. In comparison, last year net assets increased by \$175,581 or about 20%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis below focuses on the net assets and changes in net assets of the governmental-type activities.

Condensed Statement of Net Assets

	FY 2009	FY 2010	Dollar Change	Percent Change
Current and Other Assets	\$ 779,079	\$ 823,958	\$ 44,879	5.4%
Capital Assets	529,199	971,840	442,641	45.5%
Total Assets	1,308,278	1,795,798	487,520	27.1%
Current Liabilities	348,973	367,181	18,208	5.0%
Long Term Debt	63,557	427,805	364,248	85.1%
Total Liabilities	412,530	794,986	382,456	48.1%
Invested in Capital Assets	465,642	544,035	78,393	14.4%
Unrestricted	430,106	456,777	26,671	5.8%
Total Net Assets	\$ 895,748	\$ 1,000,812	\$ 105,064	10.5%

Program revenues for the governmental activities increased by a little over 54 percent (\$30,047 FEMA Reimbursements), while expenses also increased by approximately 36 percent (\$104,194).

Condensed Statement of Activities

	FY 2009	FY 2010	Dollar Change	Percent Change
Total program expenses	\$(183,539)	\$ (287,733)	\$104,194	36.2%
Total program revenues	25,476	55,523	30,047	54.1%
Net program income	(158,063)	(232,210)	(74,147)	31.9%
General revenues	333,644	337,274	3,630	1.1%
Change in Net Assets	175,581	105,064	70,517	67.1%
Net Assets:				
Beginning of the year	720,167	895,748	175,581	19.6%
End of the year	\$ 895,748	\$ 1,000,812	\$ 105,064	10.5%

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Bayou Blue Fire Protection District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund reported a fund balance of \$460,742. This reflects an increase of \$28,377 or 7% from last year. Total revenues for governmental funds were \$392,797, an increase of 9% from last year. Current expenditures for governmental activities were \$93,911, an increase of 82%.

The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2010. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25th of each year. The interest rate on the amount financed is 3.75% per annum.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised twice during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$352,900
Amendments were made for:	
Increased Ad Valorem taxes received	1250
Increased Intergovernmental revenue	44,900
Increased Interest and miscellaneous	2,200
Total revenue amendments	48,350
Amended Budgeted Revenues	\$401,250

Original Budgeted Expenditures	\$428,055
Amendments were made for:	
Increased current expenditures	4,673
Increased Capital Outlay	332,000
Increased Debt Service	22
Total expenditure amendments	336,695
Amended Budgeted Expenditures	\$764,750

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

CAPITAL ASSETS

Capital assets, net of accumulated depreciation of \$510,724, for governmental activities at year-end were \$971,840. This year there was \$543,086 of additions to capital assets. Depreciation of \$100,444 was recorded on capital assets. More detailed information about the capital assets is presented in Note 5 to the financial statements.

DEBT

At year-end, the Bayou Blue Fire Protection District had a principal balance on a long term debt to be repaid of \$427,805. The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2010. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25th of each year. The interest rate on the amount financed is 3.75% per annum. During the year payments of \$20,281 of principal and \$2,797 of interest were applied to the prior year balance. More detailed information about the capital lease is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances

	FY 2011
Anticipated revenues	\$378,900
Expenditures:	
Current	154,375
Debt service	95,930
Capital outlay	121,500
Anticipated expenditures	371,805
Excess of expenditures	7,095
Fund Balance:	
Beginning of the year	437,565
End of the year	\$444,660

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Bayou Blue Fire Protection District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Harvey Parks, Sr., Chairman
Bayou Blue Fire Protection District
1870 Bayou Blue Road
Houma, LA 70364

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Bayou Blue Fire Protection District
Houma, LA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of the Lafourche Parish Council as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Bayou Blue Fire Protection District. 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 *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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 the financial position of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of December 31, 2010, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

To the Commissioners of
Bayou Blue Fire Protection District
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2011, on our consideration of the Bayou Blue 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stagni & Company

Thibodaux, Louisiana
April 21, 2011



BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Net Assets
December 31, 2010

ASSETS

Cash	\$ 137,852
Investments	323,836
Ad valorem taxes receivable	75,963
Due from other governments	272,233
Miscellaneous receivables	3,084
Prepaid Insurance	10,990
Capital Assets, net of accumulated depreciation	<u>971,840</u>
TOTAL ASSETS	<u>\$ 1,795,798</u>

LIABILITIES

Accounts payable	\$ 1,229
Deferred revenue	361,987
Interest payable	3,965
Long term liabilities:	
Due in one year	78,528
Due in more than one year	<u>349,277</u>
TOTAL LIABILITIES	<u>794,986</u>

NET ASSETS

Invested in capital assets, net of related debt	544,035
Unrestricted	<u>456,777</u>
TOTAL NET ASSETS	<u>\$ 1,000,812</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Activities - Governmental Activities

For the Year Ended December 31, 2010

	<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating Grants</u>
FUNCTIONS/PROGRAMS			
Public safety activities:	\$ 287,733	\$ 25,478	\$ 30,045
Total governmental activities	<u>\$ 287,733</u>	<u>\$ 25,478</u>	<u>\$ 30,045</u>
			<u>Net Revenue (Expense)</u>
			\$ (232,210)
			<u>(232,210)</u>
GENERAL REVENUES			
Ad valorem taxes			319,932
State revenue sharing			12,396
Interest earned			4,831
Miscellaneous			115
TOTAL GENERAL REVENUES			<u>337,274</u>
CHANGE IN NET ASSETS			105,064
NET ASSETS:			
Beginning of year			895,748
End of year			<u>\$ 1,000,812</u>

See notes to the financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Balance Sheet - Governmental Fund - General Fund

December 31, 2010

ASSETS

Cash	\$	137,852
Investments		323,836
Ad Valorem taxes receivable:		
Terrebonne Parish		7,577
Lafourche Parish		68,386
Due from tax collector:		
Terrebonne Parish		154,852
Lafourche Parish		109,116
Due from State of Louisiana		
Terrebonne Parish		3,419
Lafourche Parish		4,846
Prepaid Insurance		10,990
Miscellaneous		3,084
TOTAL ASSETS	\$	<u>823,958</u>

LIABILITIES AND EQUITY

Accounts payable	\$	1,229
Deferred revenue:		
Terrebonne Parish		166,435
Lafourche Parish		195,552
TOTAL LIABILITIES		<u>363,216</u>

FUND BALANCE

Unreserved - Undesignated		<u>460,742</u>
TOTAL FUND BALANCE		<u>460,742</u>

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Add - Capital Assets	1,482,564	
Deduct - Accumulated Depreciation	<u>(510,724)</u>	971,840

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - Accrued Interest on Bonds Payable	(3,965)	
Deduct - Long-term debt due within one year	(78,528)	
Deduct - Long-term debt due in more than one year	<u>(349,277)</u>	
Net assets of governmental activities		<u>\$ 1,000,812</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2010

REVENUES

Ad Valorem Taxes	
Terrebonne Parish	\$ 144,788
Lafourche Parish	175,144
Intergovernmental:	
FEMA Reimbursements	30,045
State Revenue Sharing	
Terrebonne	5,122
Lafourche	7,274
Fire Insurance Tax	25,478
Interest	4,831
Miscellaneous	115
TOTAL REVENUES	<u>392,797</u>

EXPENDITURES

General government - current:	
Ad valorem tax deductions	11,424
Ad valorem tax adjustments	849
	<u>12,273</u>
Public safety - current:	
Office supplies	1,155
Gasoline/Diesel/Oil	7,017
Operating supplies	4,311
Fire Hose Purchases	533
Firefighter Turnout Gear	81
2% Fire Ins Reb Exp (Uniforms)	88
Utilities	5,085
Telephone	2,473
Insurance	26,910
Professional & Other Fees	13,993
Membership dues	475
Travel & Training	1,410
Community relations	4,234
E-911 Fire Dispatch Services	7,140
Building Repairs & Maintenance	55,111
Communication Equipment Repairs	2,319
Truck Repairs & Maintenance	31,867
Equipment Repairs & Maintenance	6,310
Total public safety - current	<u>170,512</u>
Debt Service:	
Principal retirement	20,280
Interest and fiscal charges	2,797
Total debt service	<u>23,077</u>
Capital expenditures	<u>543,086</u>
TOTAL EXPENDITURES	<u>748,948</u>
Revenues over (under) expenditures	(356,151)
OTHER FINANCING SOURCES (USES)	
Capital Lease Proceeds	<u>384,528</u>
NET CHANGE IN FUND BALANCE	<u>28,377</u>
FUND BALANCE	
Beginning of year	<u>432,365</u>
End of year	<u>\$460,742</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2010

Net change in fund balances		\$ 28,377
<p>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.</p>		
Add - Capital outlay	543,086	
Deduct - Depreciation expense	<u>(100,444)</u>	442,642
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.</p>		
Add - Principal payment on long-term debt		20,280
Less - proceeds from capital lease		(384,528)
<p>Accrued interest expense on debt and the amortization of bond issuance costs, are not recorded by governmental funds, but are reported under interest and fiscal changes for purposes of net assets.</p>		
Add - Decrease in accrual for Interest Payable		<u>(1,707)</u>
Change in net assets - governmental activities		<u>\$ 105,064</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2010

INTRODUCTION

The Bayou Blue Fire Protection District (the District) encompasses all of the territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now named the "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche". In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District from Terrebonne Parish and four of which are residents of said District from Lafourche Parish. Each term of office is for a length of two (2) years.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Reporting Entity (continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The District is considered a component unit of the Lafourche Parish Council, if applying the criteria above. This decision is based on the fact that the Lafourche Parish Council appoints the voting majority of the Board of Commissioners of the District.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

- General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2008 property taxes which were levied to finance the 2010 budget are recognized as revenue in 2010. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Measurement Focus / Basis of Accounting (continued)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

- **Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2010 as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

I. Capital Assets

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2010

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- imposed by law through constitutional provisions or enabling legislation.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Note 2 DEPOSITS AND INVESTMENTS

Deposit balances at year end are as follows:

	Per Bank	Reported
Cash	\$143,986	\$137,852
Certificates of Deposit	203,177	203,177
Totals	\$347,163	\$341,029

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Bayou Blue Fire Protection District.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2010

Note 2 DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Certificates of Deposit	\$203,177	\$203,177	
Louisiana Asset Management Pool (LAMP)	120,659	120,659	Less than one year
Totals	\$323,836	\$323,836	

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While 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 2-a7, 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 only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 **DEPOSITS AND INVESTMENTS (continued)**

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3 **AD VALOREM TAXES**

As provided by R.S. 40:1492(C) the existing ad valorem millage rate levied in the District were extended to the expanded area encompassed and described in the Parishes of Terrebonne and Lafourche as provided by said statutory provision.

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 both Parishes. Assessed values are established by the Terrebonne and Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2009 on which the 2010 assessment was \$10 per \$1,000 of assessed valuation on property within Bayou Blue Fire Protection District (in both Terrebonne and Lafourche Parishes) for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.

Note 4 **COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members for the year ended December 31, 2010.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2010

Note 5 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
DEPRECIABLE ASSETS:				
Machinery & Equipment	\$206,151	\$4,733		\$210,884
Vehicles	733,328	538,352		1,271,680
Total Cost of depreciable assets	939,479	543,086		1,482,564
ACCUMULATED DEPRECIATION:				
Machinery & Equipment	89,817	16,507		106,324
Vehicles	320,463	83,936		404,399
Total accumulated depreciation	410,279	100,444		510,724
Net depreciable assets	\$529,199			\$971,840

Depreciation Expense of \$100,444 was recorded in the governmental activities.

NOTE 6 CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in debt outstanding as of December 31, 2010:

	Balance 12/31/09	Additions	Reduction/ Adjustment	Balance 12/31/10
Capital leases	\$63,558	\$384,528	\$20,281	\$427,805

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2010

NOTE 6 CAPITAL LEASE OBLIGATIONS (continued)

The District entered into a capital lease agreement for financing the acquisition of a fire truck in 2008. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$287,742. Annual payments are due on March 13th of each year. The interest rate on the amount financed is 4.40% per annum.

The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2010. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25th of each year. The interest rate on the amount financed is 3.75% per annum.

The following is a schedule of future minimum lease payments under the capital lease agreements and the present value of the net minimum lease payments:

Year	Principal	Interest	Total
2011	\$78,528	\$17,526	\$96,054
2012	82,812	13,242	96,054
2013	62,984	9,992	72,977
2014	65,346	7,631	72,977
2015	67,796	5,180	72,977
2016	70,339	2,638	72,977
Totals	\$427,805	\$56,208	\$484,013

Note 7 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; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

***REQUIRED SUPPLEMENTAL
INFORMATION***

BAYOU BLUE FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2010

	Budgets		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes:				
Terrebonne Parish	\$ 144,000	\$ 144,750	\$ 144,788	\$ 38
Lafourche Parish	174,500	175,000	175,144	144
Intergovernmental:				
FEMA Reimbursements	22,500	29,000	30,045	
State Revenue Sharing:				
Terrebonne Parish	4,000	5,350	5,122	(228)
Lafourche Parish	7,700	19,750	7,274	(12,476)
Fire Insurance Tax	-	25,000	25,478	478
Interest	200	2,300	4,831	2,531
Miscellaneous	-	100	115	15
TOTAL REVENUES	352,900	401,250	392,797	(9,513)
EXPENDITURES				
General government - current:				
Ad valorem tax deductions	11,777	11,500	11,424	76
Ad valorem tax adjustments	4,050	855	849	6
Total general government - current	15,827	12,355	12,273	82
Public safety - current:				
Office supplies	1,700	1,400	1,155	245
Gasoline/Diesel/Oil	5,000	7,600	7,017	583
Operating supplies	6,500	5,200	4,311	889
Fire Hose Purchases	20,000	550	533	17
Firefighter Turnout Gear	5,000	100	81	19
2% Fire Ins Reb Exp (Uniforms)	2,000	100	88	12
Utilities	4,200	5,000	5,085	(85)
Telephone	3,000	3,000	2,473	527
Insurance	19,500	29,345	26,910	2,435
Professional Fees	22,850	14,400	13,993	407
Membership dues	700	500	475	25
Travel & Training	2,000	1,500	1,410	90
Community relations	4,500	4,400	4,234	166
E-911 Fire Dispatch Services	1,200	7,200	7,140	60
Building Repairs & Maintenance	5,500	5,500	55,111	(49,611)
Communication Equipment Repairs	1,500	3,000	2,319	681
Truck Repairs & Maintenance	12,000	37,000	31,867	5,133
Equipment Repairs & Maintenance	9,000	8,500	6,310	2,190
Total public safety - current	126,150	134,295	170,512	(36,217)
Capital expenditures	263,000	595,000	543,086	51,914
Debt Service:				
Principal retirement	20,281	20,300	20,280	20
Interest and fiscal charges	2,797	2,800	2,797	3
Total debt service	23,078	23,100	23,077	23
TOTAL EXPENDITURES	428,055	764,750	748,948	15,802
Revenues over (under) expenditures	(75,155)	(363,500)	(356,151)	7,349
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	384,500	384,528	(28)
NET CHANGE IN FUND BALANCE	(75,155)	21,000	28,377	7,321
FUND BALANCES				
Beginning of year	437,565	437,565	432,365	(5,200)
End of year	\$287,255	\$479,565	\$460,742	\$9,442

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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 of
Bayou Blue Fire Protection District
Houma, LA

We have audited the financial statements Bayou Blue Fire Protection District; a component unit of Lafourche Parish Government as of and for the year ended December 31, 2010, and has issued our report thereon dated April 21, 2011. 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 Bayou Blue Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Blue Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bayou Blue Fire Protection District's internal control over financial reporting.

A deficiency in internal control 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 material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a remote possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Commissioners
Bayou Blue Fire Protection District
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Blue Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, LA
April 21, 2011



Bayou Blue Fire Protection District
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended December 31, 2010

We have audited the financial statements of Bayou Blue Fire Protection District as of and for the year ended December 31, 2010, and have issued our report thereon dated April 21, 2011. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No
 Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards N/A

Internal Control

Material Weaknesses Yes No
 Significant Deficiencies Yes No

Type of Opinion On Compliance Unqualified Qualified
 For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
Dollar threshold used to distinguish between Type A and Type B Programs: Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Section II Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

N/A

