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**South Bossier Parish Fire District No. 2
Elm Grove, Louisiana**
General Purpose Financial Statements
As of and for the Year Ended December 31, 1999

Under provisions of state law, this report is a public document. Any person may examine and copy the report at the office of the Legislative Auditor, 1000 Poydras Street, Suite 2000, New Orleans, Louisiana 70112. The report is also available on the Internet at <http://www.louisiana.gov>. If you are unable to obtain a copy of this report, please contact the Legislative Auditor at (504) 588-4000. If you are unable to reach the Legislative Auditor, please contact the parish clerk of court, appropriate, at the office of the parish clerk of court.

Release Date JUL 26 2000

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Commissioners
South Bossier Parish Fire District No. 2

We have audited the accompanying general purpose financial statements of the South Bossier Parish Fire District No. 2 (the District), a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the South Bossier Parish Fire District No. 2's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the South Bossier Parish Fire District No. 2, as of December 31, 1999, 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 June 14, 2000 on our consideration of South Bossier Parish Fire District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Cook & Morehart
Certified Public Accountants
June 14, 2000

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1999

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Debt Service	General Fixed Assets	General Long-Term Debt	
Assets and Other Debits					
Cash	\$ 219,355	\$ 69,681	\$	\$	\$ 289,036
Receivables - ad valorem taxes	136,474	150,121			286,595
Property and equipment			1,952,309		1,952,309
Amount available in debt service funds				215,327	215,327
Amount to be provided for retirement of general long-term debt				724,673	724,673
Total assets	\$ 355,829	\$ 219,802	\$ 1,952,309	\$ 940,000	\$ 3,467,940
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 5,647	\$ 4,475	\$	\$	\$ 10,122
General obligation bonds payable				940,000	940,000
Total liabilities	5,647	4,475		940,000	950,122
Fund equity:					
Investment in general fixed assets			1,952,309		1,952,309
Fund balances -					
Reserved for debt service		215,327			215,327
Unreserved, designated	350,182				350,182
Total fund equity	350,182	215,327	1,952,309		2,517,818
Total liabilities and fund equity	\$ 355,829	\$ 219,802	\$ 1,952,309	\$ 940,000	\$ 3,467,940

The accompanying notes are an integral part of this statement.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 1999

	General	Debt Service	Total (Memorandum Only)
Revenues:			
Ad valorem taxes	\$ 134,276	\$ 144,582	\$ 278,858
Intergovernmental-fire insurance rebate	9,761		9,761
Interest income	11,984	1,873	13,857
Miscellaneous income	934		934
Total revenues	156,955	146,455	303,410
Expenditures:			
Current -			
General government	4,068	4,475	8,543
Public Safety	120,193		120,193
Capital outlay	4,666		4,666
Debt service:			
Principal retirement		70,000	70,000
Interest and fiscal charges		61,065	61,065
Paying agent fee		600	600
Wire fee		25	25
Total expenditures	128,927	136,165	265,092
Excess of revenues over expenditures	28,028	10,290	38,318
Fund balances at beginning of year	322,154	205,037	527,191
Fund balances at end of year	\$ 350,182	\$ 215,327	\$ 565,509

The accompanying notes are an integral part of this statement.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 1999

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 120,250	\$ 125,200	\$ 4,950
Intergovernmental-fire insurance rebate	9,090	9,761	671
Interest income	11,000	11,984	984
Miscellaneous income	1,800	934	(866)
Total revenues	<u>142,140</u>	<u>147,879</u>	<u>5,739</u>
Expenditures:			
General government		3,784	(3,784)
Public Safety	135,800	120,057	15,743
Capital outlay	18,500	4,666	13,834
Total expenditures	<u>154,300</u>	<u>128,507</u>	<u>25,793</u>
Excess of revenues over expenditures	(12,160)	19,372	31,532
Fund balances at beginning of year	<u>12,160</u>	<u>198,621</u>	<u>186,461</u>
Fund balances at end of year	<u><u>\$</u></u>	<u><u>\$ 217,993</u></u>	<u><u>\$ 217,993</u></u>

The accompanying notes are an integral part of this statement.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 1999

(1) Summary of Significant Accounting Policies

The South Bossier Parish Fire District No. 2 was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on June 11, 1985 by ordinance number 1113. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 1999. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. Basis of Presentation

The accompanying general purpose financial statements of the South Bossier Parish Fire District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by *that governmental unit, or the other governmental units that comprise the financial reporting entity.*

C. Fund Accounting

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

Funds of the district are classified as governmental funds. Governmental funds account for 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 debt. Governmental funds and account groups used by the district include:

1. General Fund – the general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund –accounts for transactions relating to resources retained and used for the payment of principal, interest, and other related costs on those long-term obligations recorded in the general long-term debt account group.
3. General Fixed Assets Account Group – is used to account for fixed assets used in governmental fund type operations for control purposes.
4. General Long-Term Debt Account Group – is used to account for long-term liabilities to be financed from government funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds 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. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The district uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January and February of the current year.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

Other intergovernmental revenues are recorded when the district is entitled to the funds. Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. *The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.*
5. The budget is adopted on a cash basis for the general fund. There were three amendments to the 1999 budget, which are reflected in the accompanying budgetary financial statements.

(Continued)

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all subsequent amendments. The schedule below reconciles excess of revenues and other sources over expenditures and other uses on page 4 (budget basis) with the amounts shown on page 3 (GAAP basis):

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 19,372
Adjustments:	
Revenue accruals – net	9,076
Expenditure accruals – net	<u>(420)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 28,028</u>

F. Encumbrances

Encumbrance accounting is employed as an extension of the formal budgetary process. Under this method, purchase orders; contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Any encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at December 31, 1999.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. 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 or any other state of the United States, or under the laws of the United States.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

H. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

I. Compensated Absences

The district has the following policy relating to vacation and sick leave:

Full-time employees of the district earn 10 days of vacation leave each year. Vacation and sick leave do not accumulate; therefore, there were no employee leave benefits requiring recognition at December 31, 1999. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure within the various funds when leave is actually taken.

J. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

K. Total Columns on Statements

Total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	10.00	10.00	2007
Debt Service	variable	11.00	2008

(3) Cash and Cash Equivalents

At December 31, 1999, the district has cash and cash equivalents (book balances) totaling \$289,036 in demand deposits, interest bearing demand deposits, and time deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank 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. 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, 1999, the district had \$297,191 in deposits (collected bank balances). These deposits are secured from risk by \$174,252 of federal deposit insurance and \$122,939 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>12-31-98</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12-31-99</u>
Land	\$ 35,130	\$ -	\$ --	\$ 35,130
Buildings	519,890	-	-	519,890
Equipment	1,392,623	4,666	-	1,397,289
Total general fixed assets	<u>\$ 1,947,643</u>	<u>\$ 4,666</u>	<u>\$ --</u>	<u>\$ 1,952,309</u>

(5) Pension Plan

The employees of the district are members of the Social Security System. There are no other retirement plans available to the employees of the district.

(6) Changes in General Long-Term Debt Obligations

The following is a summary of general obligation bond transactions of the South Bossier Parish Fire District No. 2 for the year ended December 31, 1999:

	<u>Balance</u> <u>12-31-98</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-99</u>
General Obligation Bonds	<u>\$1,010,000</u>	<u>\$ 70,000</u>	<u>\$ 940,000</u>

(Continued)

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

Bonds payable at December 31, 1999 are comprised of the following individual issues:

General obligation bonds –

\$1,300,000 – 1992 bonds for acquisition of buildings machinery, and equipment due in annual installments of \$50,000 to \$140,000 through March 1, 2008; interest rates of 6.40 to 10.00 percent. The debt redemption is paid from the Debt Service Fund. At December 31, 1999 the amount of funds available to service the General Obligation bonds is \$215,327.

\$ 940,000

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$300,160 for the General Obligations Bonds are as follows:

<u>Year Ending December 31</u>	
2000	\$ 131,895
2001	132,320
2002	137,153
2003	136,392
2004	135,200
2005 - 2006	279,600
2007 - 2008	<u>287,600</u>
	<u>\$ 1,240,160</u>

(7) Risk Management

The District purchases commercial insurance to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

COOK & MOREHART

Certified Public Accountants

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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 Members of the
Board of Commissioners
South Bossier Parish Fire District No. 2

We have audited the financial statements of South Bossier Parish Fire District No. 2 as of and for the year ended December 31, 1999, and have issued our report thereon dated June 14, 2000. 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 South Bossier Parish Fire District No. 2'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Bossier Parish Fire District No. 2'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 and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long, sweeping flourish extending to the right.

Cook & Morehart
Certified Public Accountants
June 14, 2000

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Summary Schedule of Audit Findings
December 31, 1999

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 1998.

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the current year audit for the year ended December 31, 1999.