

**EAST BAY FIRE PROTECTION DISTRICT NO. 5
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

Notes to the Financial Statements
For the Year Ended December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

J. COMPENSATED ABSENCES

The District's policy relating to vacation and sick leave includes recognizing sick leave at a rate of .02 hours for every hour worked. No cash payment may be made for accumulated sick leave. Part time employees earn vacation time at a rate of .04 hours for every hour worked. The full time employee earned vacation at a rate of twelve hours per month, which equates to eighteen days per year.

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the long-term obligations account group.

L. FUND EQUITY

Fund balances consist of undesignated balances as well as the following:

- (1) Reserves: Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.
- (2) Designated Fund Balances: Designated fund balances represent tentative plans for future use of financial resources.

M. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these 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.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998, the District had cash and cash equivalents (book balances) as follows:

Certificate of deposit	\$155,004
Interest-bearing demand deposits	70,143
Total	<u>\$225,147</u>

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, 1998, the District has \$ 187,380 in deposits (collateral bank balances). These deposits are secured from risk by \$108,000 of federal deposit insurance and \$289,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 3).

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**EAST SIDE FIRE PROTECTION DISTRICT NO. 2
CITY OF BAYON ROUGE
PARISH OF EAST BAYON ROUGE, LOUISIANA
COMPONENT UNIT FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
YEAR ENDED DECEMBER 31, 1998**

THIS provision of state law, this report is a public document. A copy of the report has been furnished to the public and is available, only and in the amount of one copy off each. The report is available for public inspection at the Bayou Rouge Parish of the Louisiana Auditor General, whose jurisdiction, of the office of the parish clerk of court

Release Date **APR 03 1999**

BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

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Michael B. Burris
Timothy F. McKay
Sandra L. O'Brien

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
East Side Fire Protection District No. 5
Baton Rouge, Louisiana

We have audited the accompanying financial statements of East Side Fire Protection District No. 5, a component unit of City of Baton Rouge, as of December 31, 1995, and for the year then ended. These component unit financial statements are the responsibility of East Side Fire Protection District No. 5. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of East Side Fire Protection District No. 5, as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Burris, McKay & O'Brien
February 27, 1997

Michael B. Burris
Timothy F. McKay
Sandra L. O'Brien

BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

Michael B. Burris
Timothy F. McKay
Brenda C. O'Brien

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Board of Commissioners
East Side Fire Protection District No. 5
Baton Rouge, Louisiana


We have audited the accompanying component unit financial statements of East Side Fire Protection District No. 5, as of and for the year ended December 31, 1998, and have issued our report thereon dated February 27, 1999.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-120, "Audits of State and Local Governments." Those standards and OMB Circular A-120 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to East Side Fire Protection District No. 5 is the responsibility of the management of East Side Fire Protection District No. 5. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This selection is not intended to limit the distribution of this report, which is a matter of public record.



February 27, 1999

II. Formal ICFR Process - continued

Condition:	During 1999, the District elected to start billing, collecting, and maintaining the user fees accounts on an in-house computer. Previously, an outside service was used for this function. Also, though there appears to be many benefits for this change, the program to track, record and account for the function was developed by Chief Hancock. There is no written documentation of the overall program features or user instructions. Further, design of the program has been to facilitate "on-line" inquiry versus periodic accounting reporting functions.
Effect:	If Chief Hancock were unable to perform this duty for the District, then no other employee has the knowledge or training to perform it. Additionally, the program does not provide adequate cutoff accounting reports for the user fees.
Recommendation:	We recommend that a brief description of the program be documented and updated periodically for changes to the program. Additionally, same reporting modifications are needed to facilitate periodic or end of fiscal year reporting of user fees financial information. Lastly, the District should provide for cross training of other employees for use of the program. User security and access should be monitored as well.
Management Response:	Management agrees with the recommendation.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe some of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. The restriction is not intended to limit the distribution of this report, which is a matter of public record.

Bernie McKay & O'Brien
February 27, 1997

**EASTSIDE FIRE PROTECTION DISTRICT NO. 3
CITY OF BATON ROUGE
PARISH OF EAST BAYOU TERREBE, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
Barrage Street, Shreveport 30, 1990**

EXHIBIT A

	GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS			Totals Miscellaneous Only
	General	General Fixed Assets	General Long Term Debt	
ASSETS AND OTHER DEBITS				
Assets:				
Current Assets				
Cash and cash equivalents	\$171,837	\$0	\$0	\$171,837
Property taxes receivable - net	183,458	0	0	183,458
Due from other governments	110,845	0	0	110,845
Fixed Assets				
Land	0	151,388	0	151,388
Building	0	348,088	0	348,088
Equipment	0	838,187	0	838,187
Equipment under capital leases	0	80,808	0	80,808
Other Debits				
Amount to be provided for:				
- retirement of long term debt and lease obligations	0	0	120,818	120,818
- reserve for compensated absences	0	0	1,087	1,087
TOTAL ASSETS AND OTHER DEBITS	\$447,888	\$1,204,881	\$121,905	\$2,374,564
LIABILITIES, EQUITY, AND OTHER CREDITS				
Current Liabilities				
Accounts and contracts payable	(88,545)	0	0	(88,545)
Accrued expenses and benefits payable	(8,212)	0	0	(8,212)
Long-Term Liabilities				
Revenue bonds payable	0	0	(577,580)	(577,580)
Compensated absences payable	0	0	(1,587)	(1,587)
Debt due under capital leases	0	0	(28,348)	(28,348)
Total Liabilities	(96,757)	0	(707,415)	(732,170)
Equity and Other Credits				
Investment in general fixed assets	0	(1,204,881)	0	(1,204,881)
Fund Balances:				
Undesignated	(421,132)	0	0	(421,132)
Total equity and other credits	(421,132)	(1,204,881)	0	(1,626,013)
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	(\$447,888)	(\$1,204,881)	(\$707,415)	(\$2,374,564)

The accompanying notes are an integral part of these financial statements.

EASTSIDE FIRE PROTECTION DISTRICT NO. 5
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Actual and Budget
Year Ended December 31, 1998

	General Fund	Budget	Variance Favorable (Unfavorable)
REVENUES			
Ad valorem taxes	(120,194)	(1243,080)	\$57,194
Fire protection user charges	(708,888)	(703,080)	59,558
Intergovernmental revenues	(58,898)	(58,898)	23,898
Other	(23,895)	(28,080)	(1,385)
Interest earnings	(11,858)	(58,240)	(78,274)
Total revenues	(933,633)	(452,378)	100,081
EXPENDITURES			
Salaries and related benefits	414,261	412,000	(2,241)
Repairs and maintenance	80,548	48,200	(14,380)
Legal and professional	21,858	22,700	744
Insurance	98,662	22,800	3,445
Supplies	28,021	24,458	(1,057)
Utilities	33,585	21,800	2,415
Capital outlay	57,275	88,800	7,725
Debt service - Bond Principal	82,588	82,500	0
-Capital Lease Principal	12,621	12,621	0
-Interest	26,221	41,278	15,048
Other	28,078	24,500	(1,718)
Total expenditures	884,028	885,000	10,874
(EXCESS) DEFICIENCY OF REVENUES OVER EXPENDITURES	(58,055)	13,000	111,055
OTHER FINANCING (SOURCES)			
Change for increase in compensated absenteeism insurance	(458)	0	(458)
Total other financing sources	(458)	0	(458)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(58,513)	13,000	111,513
FUND BALANCES, BEGINNING	(320,818)	(320,818)	320,818
FUND BALANCES, END OF YEAR	(379,331)	(307,818)	\$444,121

This accompanying notes are an integral part of these financial statements.

**EAST SIDE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**Notes to the Financial Statements
For the Year Ended December 31, 1995**

D. FUND ACCOUNTING - continued

The General Fund is used to record all financial resources not required to be accounted for in other funds. In prior years, a Capital Projects Fund was used to account for the financial resources retained and used for the purpose of building and equipping a new fire station. The construction began in 1994 and was completed in late 1995.

E. 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. The operating statement presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the Governmental Funds. Revenues are recognized in the accounting period in which they become available and measurable.

Property taxes are considered measurable in the calendar year of the tax levy. User fees are considered measurable in the period they are collected. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). They are recorded at the time the transfer is made.

F. BUDGET

The 1996 budget was prepared in 1995 by the Chief, and ratified by the Board of Commissioners. A public hearing was held in December, 1995, and the budget became effective January 1, 1996. Only one amendment was made to the 1996 budget.

G. ENCUMBRANCES

The District does not use an encumbrance system of accounting. The books are kept on the cash basis, and the financial statements are prepared on the modified accrual basis of accounting.

H. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. The District considers short-term (maturity of 90 days or less), highly liquid investments as cash equivalents. 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.

I. FIXED ASSETS

Fixed assets are recorded as expenditures at the time of purchase, and the related assets are capitalized (reported) in the general fixed assets account group. Fixed assets donated are recorded at the estimated fair market value at the time the assets were donated. No depreciation has been provided on general fixed assets.

**EAST SIDE FIRE PROTECTION DISTRICT NO. 3
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**Notes to the Financial Statements
For the Year Ended December 31, 1996**

2. CASH AND CASH EQUIVALENTS - continued

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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.

3. INVESTMENTS

The District does not have any investments other than the cash deposits shown in the financial statements under cash and cash equivalents.

4. PROPERTY TAXES RECEIVABLE

The following is a summary of property taxes receivable at December 31, 1996:

Property taxes receivable	\$ 135,830
Less allowance for uncollectible accounts	<u>(12,386)</u>
Net property taxes receivable	<u>\$ 123,444</u>

The allowance represents taxes not expected to be collected within the next year.

5. CHANGES IN GENERAL FIXED ASSETS

	Building Furniture, & Equipment	Equipment Under Capital		
		Lease	Land	Total
Balance at 12/31/95	\$ 197,627	\$82,808	\$ 151,368	\$ 431,803
Additions	<u>57,225</u>	<u>0</u>	<u>0</u>	<u>57,225</u>
Balance at 12/31/96	<u>\$ 254,852</u>	<u>\$ 82,808</u>	<u>\$ 151,368</u>	<u>\$ 489,028</u>

6. RETIREMENT PLAN

The District's only full-time employee is eligible for participation in the Employees' Retirement System of the City/Parish. Contributions in the amount of \$4,560 were made during 1996.

7. COMPENSATED ABSENCES

At December 31, 1996, employees of the District have accumulated and vested \$4,597 of vacation benefits, which was computed in accordance with GASB Classification System 200. This amount is recorded within the general long-term obligations account group.

**EAST BAY FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**Notes to the Financial Statements
For the Year Ended December 31, 1998**

8. LEASES

The District maintains one piece of equipment under capital lease as an asset and obligation in the accompanying financial statements. The following is a summary of future minimum lease payments under this lease:

1997	\$15,890
1999	<u>15,890</u>
	21,732
Less: Amount representing interest	<u>(5,613)</u>
Present value of net minimum lease payments	<u>\$16,219</u>

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	Compensated Absences	Capital Leases	Bond Debt	Totals
Balance at December 31, 1995	\$1,138	\$40,041	\$143,900	\$185,080
Obligations transferred in from the City/Parish	0-	0-	0-	0-
Additions - other	458	0-	0-	458
Deductions/payments	<u>(0-</u>	<u>(10,622)</u>	<u>(82,680)</u>	<u>(93,302)</u>
Balance at December 31, 1998	<u>\$1,596</u>	<u>\$29,419</u>	<u>\$61,220</u>	<u>\$92,235</u>

During 1994, the District issued a long-term certificate of indebtedness to a local bank in the amount of \$900,000, payable over a 10-year period at rates ranging from 3.75% to 6.00% to acquire facilities and equipment for the District's fire protection purposes. Remaining principal payments range from \$55,900 in 1997 to \$159,500 in 2004. The certificate is secured by and payable solely from a pledge and dedication of the excess of annual revenues of the District above statutory, necessary and usual charges in each of the fiscal years during which the certificate is outstanding.

The annual requirements to amortize all bonds outstanding at December 31, 1998, including interest of \$100,029 are as follows:

Year Ending	
1997	100,701
1998	100,489
1999	99,901
2000	99,578
2001	100,426
2002	99,898
2003	99,458
2004	<u>159,270</u>
	<u>\$,998,521</u>

**EAST SIDE FIRE PROTECTION DISTRICT NO. 8
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**Notes to the Financial Statements
For the Year Ended December 31, 1995**

10. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year ended December 31, 1995.

11. LITIGATION AND CLAIMS

The District was not involved in any litigation or is aware of any claims outstanding.

12. VALUE OF CONTRIBUTED SERVICES

The District relies heavily on the contributed services of volunteer firefighters. During 1995, total volunteer hours for training, firefighting, and administrative duties totaled 10,504 approximately at a value of approximately \$204,000, which is not included in the accompanying financial statements.

13. CONTINGENCIES

Under current Civil Service regulations, each employee is technically allowed one year of compensated sick pay in the event of a long term illness. Under this policy, the District would be liable for additional accrued compensated absences in the amount of \$77,250.

BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

Michael B. Burris
Barbara F. Macky
Sandra L. O'Brien

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Board of Commissioners
East Side Fire Protection District No. 5
Baton Rouge, Louisiana

We have audited the accompanying component unit financial statements of East Side Fire Protection District No. 5, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 27, 1997.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing our audit of the component unit financial statements of East Side Fire Protection District No. 5, for the year ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control structure.

The management of East Side Fire Protection District No. 5 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that processes may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: Cash receipts and disbursements, receivables, property plant and equipment, accounts payable, and payroll.

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure, that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

501 Louisiana Avenue, Suite B • Baton Rouge, Louisiana 70802 • (504)283-2974

I. Coding of Transactions:

Criteria:	Transactions should be coded in a manner consistent with the substance of the transaction, and in the proper period.
Condition:	We noted several instances in which transactions were coded to inappropriate or erroneous general ledger accounts. This condition was noted during last year's audit as well.
Effect:	Basic accounts could be materially misstated if these misrecordings were not identified.
Recommendation:	We recommend that management review the coding of transactions in the detail general ledger for obvious errors on a monthly basis.
Management Response:	The Chief agrees to monthly review the detail general ledger reports and advise the bookkeeping firm of any coding errors detected.

II. Approval of Transactions:

Criteria:	Proper internal controls require that procedures be in place to prevent or detect any unauthorized transactions.
Condition:	The Chief has the authority to approve all expenditures. He co-signs with the internal accountant on checks over \$2,500. Due to the net amount of payroll checks, the internal accountant has been signing most of them. Further, there was no indication of approval on time cards tested. Thus, it appears that no authorized person approves individual time cards or pay amounts.
Effect:	If an incorrect payroll check were written, the above condition would not allow it to be detected in a timely manner, in the regular course of business.
Recommendation:	We recommend that Captain Bob Gately approve all time cards/amounts except his own. Chief Hancock should approve Captain Gately's time card.
Management Response:	Captain Gately will approve all employees' time sheets, except his own, prior to submission for payment. The Chief will approve Captain Gately's time sheet either by signature or phone confirmation with the bookkeeper.

III. Formal EOP Process:

Criteria:	There should be a formal EOP planning process for the design, procurement and use of EOP software and personnel.
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**EAST SIDE FIRE PROTECTION DISTRICT NO. 5
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**Notes to the Financial Statements
For the Year Ended December 31, 1999**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FORMATION AND OPERATIONS

East Side Fire Protection District No. 5 (the District) is a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana (the City/Parish). The District is governed by a five member board. The board members are appointed by the City/Parish and are not compensated. Effective January 1, 1994, the District became a separate operational unit acting independently from the City/Parish, pursuant to an intergovernmental agreement between the City/Parish and the District.

The purpose of the District is to provide fire protection for the citizens of the District. The district serves approximately 3,000 households. The District employs one permanent full-time employee and three permanent part-time employees. It also employs temporary employees as needed. The majority of the services are provided through volunteers.

B. BASIS FOR REPRESENTATION

The accompanying financial statements of East Side Fire Protection District No. 5 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.

C. REPORTING ENTITY

As the governing authority, for reporting purposes, the City/Parish is the primary financial reporting entity. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City/Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. Because the City/Parish Metropolitan Council appoints the District's governing body and

- (1) has the ability to impose its will on the District, and
- (2) the District has the potential to provide specific financial benefits to or impose specific financial burdens on the City/Parish,

the District was determined to be a component unit of the City/Parish.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City/Parish, the general government services provided by that governmental unit, or the other governmental units that compose the financial reporting entity.

D. 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 relating to certain governmental functions or activities.