# FINANCIAL SECTION



Board of Commissioners Lafourche Parish Fire Protection District No. 1 Page 3

## Accounting and Reporting

8. We randomly selected 6 disbursements made during the period under examination and: (1) trace payments to supporting documentation as to proper amount and payee, (2) determine if payments were properly coded to the correct fund and general ledger account, and (3) determine whether payments received approval from proper authorities.

Observation or Finding: Of the 6 disbursements chosen randomly during the period under examination all payments (1) had proper supporting documentation as to proper amount and payee, (2) were properly coded to the correct fund and general ledger account, and (3) were approved from the proper authorities.

Meetings

9. We examined evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Observation or Finding: The District provided evidence indicating that agendas for meetings were posted or advertised as required.

## Debt

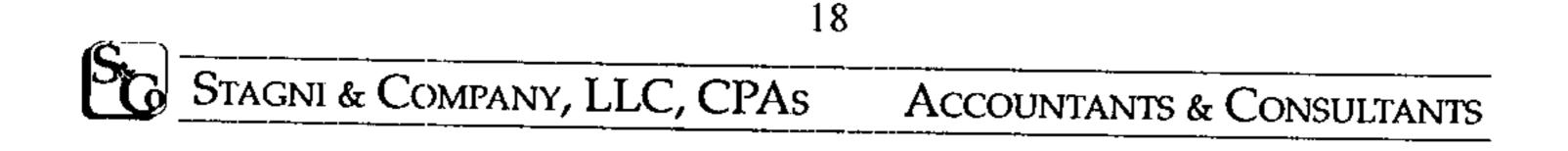
10. We examined bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

Observation or Finding: There were no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness from examining bank deposits from January 1, 1996 to December 31, 1996.

### Advances and Bonuses

11. We examined records and minutes for the year to determine whether any payments have been made which may constitute bonuses, advance, or gifts.

Observation or Finding: None of the records examined and minutes reviewed for the year were for or indicated payments made which may constitute bonuses, advances, or gifts.



LAFOURCI Com Com Com	AFOURCHE PARISH Combined Balance S	H FIRE PROTEC Sheet - All Fund Type: December 31, 1996	CTION s and Acc	VICT NO. 1 Ups	
	General	General Fund Types General Debt Service	Account General Fixed Assets	Groups General Long Term Debt	Totals (Memorandum Only)
AND OTHER DEBITS					
nd Investments vem taxes receivable m other governmental units ts I fixed assets : available in Debt Service Fund	\$108,740 20,404 84,767 1,020	\$3,262 12,125 50,374	\$1,873,767		\$112,002 32,529 135,141 1,020 1,873,767
to be provided for retirement heral long-term debt				\$65,761 626.239	65,761 626,230
assets	S214,931	\$65,761	\$1,873,767	\$692,000	\$2,846,459
<u>S, EQUITY, AND OTHER CREDITS</u>					
S.					
payable ates of indebtedness liabilities				\$650,000 42,000 692,000	\$650,000 42,000 692,000
nd Other Credits:					000'700
nent in general fixed assets alances:			\$1,873,767		1,873,767
rved for debt service ved for capital projects		\$65,761			65,761
erved - undesignated	\$214,931				214,931
equity and other credits liabilities and fund equity	214,931 S214,931	65,761 S65,761	1,873,767 \$1,873,767	S692,000	2,154,459 \$2,846,459
See	accountant's	report and notes to financial	nancial statements.		

Equity and Investmer Fund bala Reserve Reserve Unresen Cash and Ad valorer Due from Deposits General fi Amount av Amount av of gener <u>ASSETS AN</u> Liabilities: Bonds pa Certificate Total lia <u>LIABILITIES,</u> Total eq Total lía Total a

Board of Commissioners Lafourche Parish Fire Protection District No. 1 Page 4

These agreed-upon procedures are substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertions included in the accompanying *Louisiana Attestation Questionnaire*. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the management and the Board of Commissioners of Lafourche Parish Fire Protection District No. 1 and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under state law, this report is a public record and subject to unlimited distribution.

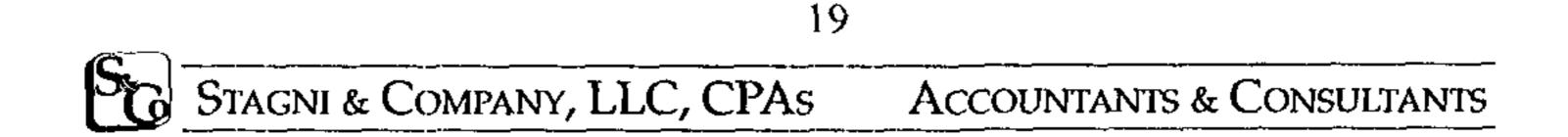
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Stagni & Company, LLC

Thibodaux, Louisiana March 14, 1997



Board of Commissioners Lafourche Parish Fire Protection District No. 1 Page 2

3. We obtained from management a listing of all employees paid during the period under examination.

Observation or Finding: The District did not have any employees paid during from January 1, 1996 to December 31, 1996.

4. We determined whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Observation or Finding: None of the employees included in the listing of employees paid during the year (3. Above) were included on the list of immediate family members of each board member (2. Above).

## Budgeting

5. We obtained a copy of the legally adopted budget and all amendments.

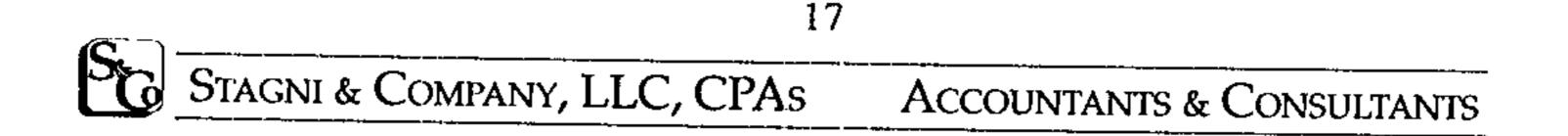
Observation or Finding: The District provided us with a copy of the legally adopted budget and all amendments.

6. We traced the budget adoption and amendments to the minute book.

Observation or Finding: The budget was adopted appropriately and recorded in the minute book.

7. We compared the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues and expenditures exceed budgeted amounts by more than 5%.

Observation or Finding: Actual revenues and expenditures did not exceed budgeted amounts by more than 5% in all funds which budgets were adopted.





## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING **AGREED-UPON PROCEDURES**

Board of Commissioners Lafourche Parish Fire Protection District No. 1 Raceland, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Lafourche Parish Fire Protection District No. 1, (the District) solely to assist the users in evaluating the accompanying Louisiana Attestation Questionnaire, dated February 15, 1997 and prepared for the year ended December 31, 1996. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no presentation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our applied procedures, together with any observation or findings, follow:

## Public Bid Law

1. We selected all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Observation or Finding: The District had no expenditures during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000.

## Code of Ethics for Public Officials and Public Employees

2. We obtained from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Observation or Finding: The District provided us with a list of the immediate family members of cach board member, and a list of outside business interests of all board members and employees, as well as their immediate families.

16

720 CANAL BOULEVARD . THIBODAUX, LA 70301. PHONE (504) 447-7226 • FAX (504) 446-3032 E MAIL: stagnlcpa@aol.com

LIMITED LIABILITY COMPANY MEMBERS: AICPA • LCPA

# **AGREED-UPON PROCEDURES SECTION**

STAGNI & COMPANY, LLC, CPAS ACCOUNTANTS & CONSULTANTS

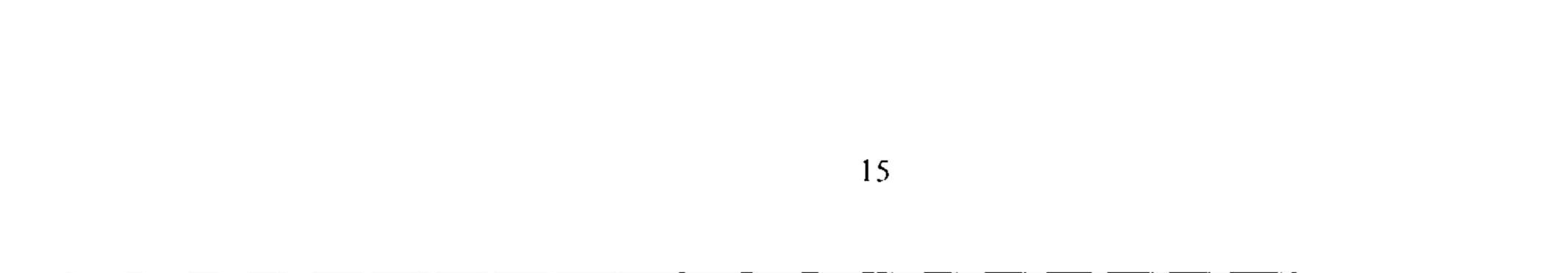
## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8 LONG TERM DEBT (Continued)

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The annual requirements, including interest, to amortize all long term debt outstanding are as follows:

Maturity	General Obligation Bonds	Certificate of Indebtedness	Total
1997	\$60,970	\$22,720	\$83,510
1998	58,590	22,935	81,525
1999	56,505		56,505
2000	54,620		54,620
2001	57,651		57,651
2002-2006	263,376		263,376
2007-2011	287,960		287,960
2012-2015	240,800		240,800
Totals	\$1,080,292	\$45,655	\$1,125,947



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 7 <u>CHANGES IN GENERAL FIXED ASSETS</u>

A summary of changes in general fixed assets follows:

	Balance December 31, 1995	Additions	Deletions/ Adjustments	Balance December 31, 1996
Buildings	\$457,404	\$44,972	\$(19,160)	\$483,216
Furniture & Equipment	131,501	20,724	(10,848)	141,377
Trucks	1,242,575	1,627	5,015	1,249,217
TOTALS	\$1,831,662	\$ 67,323	\$(24,993)	\$1,831,662

### Note 8 LONG TERM DEBT

At December 31, 1996, the District had outstanding a Certificate of Indebtedness bearing interest at a rate of 8.5% payable through February 1, 1998 and General Obligation Bonds bearing interest at 11% to 5.45% payable through April 1, 2015. The public improvement bonds bearing interest at a rate of 6.5% were repaid by March 1, 1995.

A summary of changes in long term obligations of the District is as follows:

	Payable December 1, 1995	Debt Incurred	Debt Retired	Payable December 31, 1996
Certificate of Indebtedness,				
Series 1988	\$61,000		\$19,000	\$42,000
General Obligation Bonds,				
Series 1995	650,000			650,000
TOTALS	\$711,000		\$19,000	\$711,000

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 4 <u>COMPENSATION OF BOARD MEMBERS</u>

No compensation was paid to Board Members during the year ended December 31, 1996.

### Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units at December 31, 1996 consisted of December 1996 ad valorem tax collections due from the Lafourche Parish Tax Collector to be remitted to the District in January 1997.

## Note 6 <u>BUDGETARY REPORTING</u>

The accompanying Statement of Revenues, Expenditures, and Changes in Cash Balances - Budget (Non-GAAP Basis) and Actual, presents comparisons of the District's adopted budget (more fully described in Note 1) with actual data on a budgetary basis. The budget is prepared on a cash basis which is not GAAP.

The revenues and expenditures shown on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances are reconciled with amounts reflected on the budget comparisons as follows:

	General Fund	Debt Service	Capital Projects
Excess (Deficiency) of Revenues and Other financing Sources over Expenditures and Other Uses			
(GAAP Basis)	\$45,189	\$(22,624)	\$(42,220)
(Increase) decrease in revenues and receivables	4,427	(2,582)	0
Excess (Deficiency) of Revenues and Other financing sources over Expenditures and Other Uses			
(Budgetary Basis)	\$49,616	\$(25,206)	\$(42,220)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 2 <u>DEPOSITS AND INVESTMENTS (Continued)</u>

The District's deposits are secured from risk by \$100,000 of federal deposit insurance and \$100,359 of pledged securities held be the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized 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.

### Note 3 <u>AD VALOREM TAXES</u>

Ad Valorem taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at the 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, 1996. 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 taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1995 was \$4.94 per \$1,000 of assessed valuation of property within Lafourche Parish Fire

Protection District No. 1 for the purpose of maintaining and operating the facilities and programs, and \$2.75 per \$1,000 for the purpose of payment of general long term debt, principal, interest, and related costs for the District.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## Note 1 <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)</u>

i. Long Term Debt

The accounting and reporting treatment applied to long-term obligations associated with a fund are determined by its measurement focus. Long term obligations expected to be financed from governmental funds are accounted for the General Long Term Debt Account Group, not in the governmental funds.

The Long Term Debt Account Group is not a "fund". It is concerned only with the measurement of financial position, not with the measurement of results of operations.

## j. <u>Total (Memorandum Only) Columns on Combined Statements</u>

The total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position or the results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund climinations have not been made in the aggregation of this data.

### Note 2 <u>DEPOSITS\_AND INVESTMENTS</u>

At December 31, 1996 the District has eash book balances (all deposits) of \$112,002 and bank balances totaling \$112,745. 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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## Note 1 <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)</u>

g. <u>Cash and Deposits</u>

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates.

State law also recognizes that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of 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 deposits. Obligation furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

h. <u>General Fixed Assets</u>

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. The Account Group is not a fund. It is concerned only with the measurement of financial position, not with the measurement of results of operations.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including bridges, curbs, etc. are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets classified as trucks and buildings, and assets purchased since January 1, 1994 are valued at historical cost. All other fixed assets are valued as estimated cost because historical cost was not available. Donated fixed assets are valued at their estimated fair value on the date

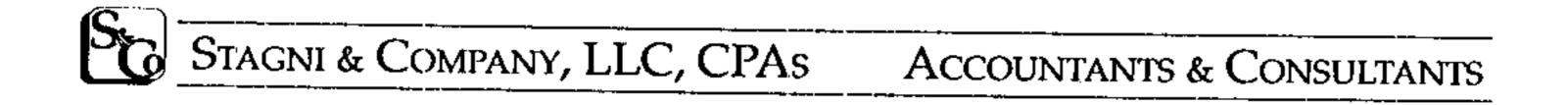
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## LAFOURCHE PARISH FIRE **PROTECTION DISTRICT NO. 1** RACELAND, LOUISIANA PARISH OF LAFOURCHE

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FINANCIAL REPORT AND **COMPLIANCE REPORT** 

AS OF AND FOR THE YEAR ENDED **DECEMBER 31, 1996** 



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED) Note 1

#### <u>Basis of Accounting</u>, (Continued) c.

Ad valorem taxes are considered "measurable" at the time of levy. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

#### **Operating Budgetary Data** d.

Budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Annual appropriated budgets are adopted on a cash basis for all governmental fund types and lapse at year end. The budget is amended by supplemental appropriations as needed during the year to comply with state law.

#### Bad Debts e.

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

#### ſ. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the District's book, is not utilized by the District. The District is on a cash basis for daily operations and this method of accounting is not considered efficient or useful.

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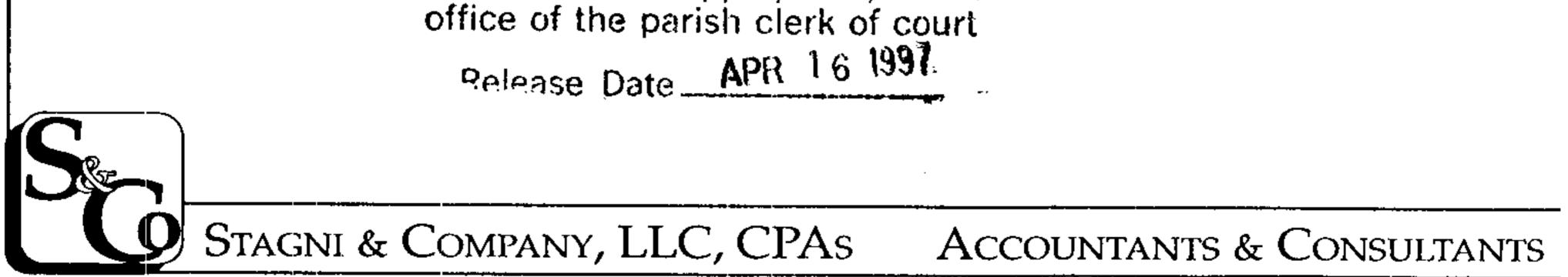
LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

# RACELAND, LOUISIANA PARISH OF LAFOURCHE

## FINANCIAL REPORT AND COMPLIANCE REPORT

## AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1996

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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



General Purpose Financial Statements As of and for the Year Ended December 31, 1996

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# Independent Accountant's Report on Applying Agreed Upon Procedures

## Louisiana Attestation Questionnaire



# STAGNI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS CONSULTANTS \_\_\_\_\_

Board of Commissioners Lafourche Parish Fire Protection District No. 1 Raceland, Louisiana

We have compiled the accompanying general purpose financial statements of the Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1996 as listed in the financial section of the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Slagni & Company, LLC

Thibodaux, Louisiana March 14, 1997

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LIMITED LIABILITY COMPANY MEMBERS: AICPA • LCPA

### Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types For the year ended December 31, 1996

	Governmental Fund Types			Totals	
		Debt	Capital	(Memorandum	
	General	Service	Project	Only)	
REVENUES					
Taxes - ad valorem	\$114,749	\$59,923		\$174,672	
Intergovernmental:					
State of Louisiana:					
State Revenue Sharing	6,304			6,304	
Insurance Rebate	24,646			24,646	
Lafourche Communication District	10,800			10,800	
Other	3,730	3,389	\$2,532	9,651	
Total Revenues	160,229	63,312	2,532	226,073	

### EXPENDITURES

General government - current:				
Ad valorem tax deductions	3,440	2,044		5,484
Public Safety	89,706		0	89,706
Total current expenditures	93,146	2,044	0	95,190
Capital expenditures	23,949	<u></u>	44,752	68,701
Debt Service:				
Principal retirement		19,000		19,000
Interest and fiscal charges		62,837		62,837
Total debt service		81,837		81,837
Total expenditures	117,095	83,881	44,752	245,728
Excess (deficiencies) of revenues				
over expenditures	43,134	(20,569)	(42,220)	(19,655)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	2,055	(2,055)		0
EXCESS (DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER				
EXPENDITURES AND OTHER USES	45,189	(22,624)	(42,220)	(19,655)
FUND BALANCES				
Beginning of year	169,742	88,385	42,220	300,347
End of year	\$214,931	\$65,761	\$0	\$280,692



### See accountant's report and notes to the financial statements.

Statement of Revenues, Expenditures, and Changes in Cash Balances - Budget (Non-GAAP Basis) and Actual General Fund For the year ended December 31, 1996

REVENUES	Budget	Actual	Variance Favorable Unfavorable)
Taxes - ad valorem Intergovernmental:	\$111,000	\$119,113	\$8,113
State of Louisiana			
State Revenue Sharing Insurance Rebate	9,400 25,000	6,304 24,646	(3,096)
Lafourche Communication District Other	10,800 2,000	10,800	(354) 0
Total Revenues	158,200	7,769 168,632	<u>5,769</u> 10,432

### **EXPENDITURES**

End of year

General government - current:			
Ad valorem tax deductions	6,100	5,257	843
Public Safety	125,000	91,865	-
Total current expenditures	131,100	97,122	33,135
	101,100	01,122	33,978
Capital expenditures	65,900	23,949	41,951
Total expenditures	197,000	121,071	75,929
Excess (deficiencies) of revenues			
over expenditures	(38,800)	47,561	86,361
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	1,900	2,055	155
Total other financing sources (uses)	4 000		
volu other inlaneing sources (uses)	1,900	2,055	155
EXCESS (DEFICIENCIES) OF REVENUES			
AND OTHER FINANCING SOURCES OVER			
EXPENDITURES AND OTHER USES	(36,900)	10.616	00 540
	(00,000)	49,616	86,516
CASH BALANCES			
Beginning of year	61,089	71.089	10.000
	<b>-</b>	1 1.000	

ar <u>61,089</u> <u>71,089</u> <u>\$24,189</u> \$120,705

4

10,000

\$96,516

## See accountant's report and notes to financial statements.

Combined Statement of Revenues, Expenditures, and Changes in Cash Balances - Budget (Non-GAAP Basis) and Actual Debt Service Funds

For the year ended December 31, 1996

•	Budget	Actual	Variance Favorable Unfavorable)
<u>REVENUES</u> Taxes - ad valorem Other - interest Total Revenues	\$61,700 650 62,350	\$57,177 3,389 60,566	(\$4,523) 2,739 (1,784)
EXPENDITURES General government - current: Ad valorem tax deductions	3,335	1,880	1,455

Debt Service:			
Principal retirement	19,000	19,000	0
Interest and fiscal charges	64,778	62,837	1,941
Total debt service	83,778	81,837	1,941
Total expenditures	87,113	83,717	3,396
Excess (deficiencies) of revenues	(24,763)	(23,151)	1,612
OTHER FINANCING SOURCES (USES) Operating transfers in (out)	(1,650)	(2,055)	(405)
Total other financing sources (uses)	(1,650)	(2,055)	(405)
EXCESS (DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(26,413)	(25,206)	1,207
CASH BALANCES Beginning of year End of year	28,459 \$2,046	28,468	9 \$1,216

See accountant's report and notes to financial statements.

Combined Statement of Revenues, Expenditures, and Changes in Cash Balances - Budget (Non-GAAP Basis) and Actual Capital Project Fund For the year ended December 31, 1996

Variance

	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other - interest	\$500	\$2,532	\$2,032
Total revenues	500	2,532	2,032
EXPENDITURES			
General government - current:			
Public Safety	0	0	0
Total current expenditures	0	Ō	0

Capital expenditures	40,950	44,752	(3,802)
Total expenditures	40,950	44,752	(3,802)
Excess (deficiencies) of revenues			
over expenditures	(40,450)	(42,220)	(1,770)
CASH BALANCES			
Beginning of year	42,220	42,220	0
End of year	\$1,770	\$0	\$ (1,770)

See accountant's report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 1996

The Lafourche Parish Council adopted a resolution creating Fire Protection District No. 1 of the Parish of Lafourche, Louisiana and defining and describing the boundaries thereof on May 13, 1953. The District comprises that territory within the present boundaries of Police Jury Wards three and seven of Lafourche Parish. The District has all the rights and powers and privileges granted by and conferred by the Constitution and Statutes of the State of Louisiana, including the right to incur debt, issue bonds, and levy taxes.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Note 1

The accounting and reporting policies of the Lafourche Parish Fire Protection District No. 1 (the District) conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

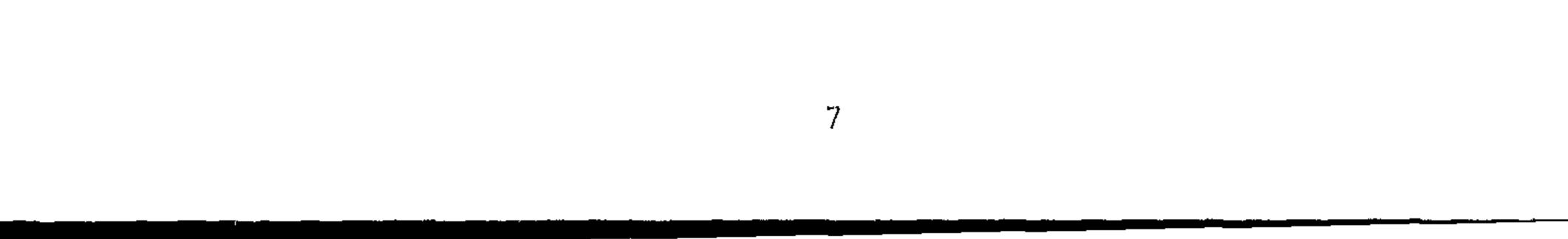
Reporting Entity a.

The District is a component unit of the Lafourche Parish Council.

Fund Accounting b.

> 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. An account group, on the other hand, 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.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## Note I <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)</u>

b. <u>Fund Accounting</u>, (Continued)

## Governmental Funds

Governmental funds are those through which the governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of change in financial position, rather than upon net

income determination. The Governmental Funds of the District are as follows:

<u>General Fund</u> - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

<u>Debt Service Fund</u> - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general longterm obligation principal, interest and related costs.

<u>Capital Projects Fund</u> - The Capital Projects Fund is used to account for the acquisition or construction of general fixed assets.

### c. <u>Basis of Accounting</u>

Basis of accounting refers to <u>when</u> revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the <u>timing</u> of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.