

REC  
LEGISLAT

04 JUN 30

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

**Financial Statements With Auditor's Report**

**As of and For the Year Ended December 31, 2003**

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 8-11-04

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

Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Required Supplementary Information</b> Management's Discussion and Analysis	3 – 8
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to the Financial Statements	14 – 23
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule	24
Notes to Required Supplementary Information	25
<b>Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	26– 27
<b>Schedules For Louisiana Legislative Auditor</b>	28
Summary Schedule of Prior Year Audit Findings	
Corrective Action Plan For Current Year Audit Findings	

# 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  
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA  
ALICE E. S. GREEN, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

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

We have audited the accompanying basic financial statements of the South Bossier Parish Fire District No. 2, a component unit of the Bossier Parish policy Jury, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic 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 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 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 basic 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, in all material respects, the financial position of the South Bossier Parish Fire District No. 2 as of December 31, 2003, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, South Bossier Parish Fire District No. 2 has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* as of January 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2004, 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. 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.

The management's discussion and analysis and budgetary comparison information on pages 3 – 8 and on pages 24 – 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and has a long horizontal flourish extending to the right.

Cook & Morehart  
Certified Public Accountants  
June 18, 2004

## **SOUTH BOSSIER PARISH FIRE DISTRICT NO. 2**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of South Bossier Parish Fire District No. 2's financial performance provides an overview of the South Bossier Parish Fire District No. 2's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements, which begin on page 9.

#### **FINANCIAL HIGHLIGHTS**

The South Bossier Parish Fire District No. 2's net assets increased by \$101,250 or 8%.

The South Bossier Parish Fire District No. 2's total general revenues were \$448,109 in 2003 compared to \$554,402 in 2002.

During the year ended December 31, 2003, the South Bossier Parish Fire District No. 2 had total expenses, excluding depreciation of \$231,489.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the South Bossier Parish Fire District No. 2 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the South Bossier Parish Fire District No. 2's operations in more detail than the government-wide statements by providing information about the South Bossier Parish Fire District No. 2's most significant funds.

The South Bossier Parish Fire District No. 2 was determined to be a component unit of the Bossier Parish Police Jury. 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 South Bossier Parish Fire District No. 2.

#### **Reporting the South Bossier Parish Fire District No. 2 as a Whole**

Our analysis of the South Bossier Parish Fire District No. 2 as a whole begins on page 9. One of the most important questions asked about the South Bossier Parish Fire District No. 2's finances is "Is the South Bossier Parish Fire District No. 2 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 about the funds maintained by the South

Bossier Parish Fire District No. 2 as a whole and about its 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. Accrual 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 South Bossier Parish Fire District No. 2's *net assets* and changes in them. You can think of the South Bossier Parish Fire District No. 2's net assets – the difference between assets and liabilities – as one way to measure the South Bossier Parish Fire District No. 2's financial health, or *financial position*. Over time, *increases* or *decreases* in the South Bossier Parish Fire District No. 2's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the South Bossier Parish Fire District No. 2 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the South Bossier Parish Fire District No. 2 are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

### **Reporting the District's Most Significant Funds**

Our analysis of the major funds maintained by the South Bossier Parish Fire District No. 2 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the South Bossier Parish Fire District No. 2 – not the South Bossier Parish Fire District No. 2 as a whole. The South Bossier Parish Fire District No. 2's *governmental funds* use the following accounting approaches:

Governmental funds – All of the South Bossier Parish Fire District No. 2's 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 South Bossier Parish Fire District No. 2's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain South Bossier Parish Fire District No. 2 expenses. 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 a reconciliation at the bottom of the fund financial statements.

**THE SOUTH BOSSIER PARISH FIRE DISTRICT NO. 2 AS A WHOLE**

The South Bossier Parish Fire District No. 2's total net assets changed from a year ago, increasing from \$1,231,234 to \$1,332,484. The December 31, 2003, year was the first period that GASB Statement 34 was applied. The South Bossier Parish Fire District No. 2 was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the December 31, 2003 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the South Bossier Parish Fire District No. 2 will be presented.

**Table 1  
Net Assets**

	Governmental Activities <u>2003</u>
Current and other assets	\$ 961,745
Capital assets	<u>998,650</u>
Total assets	<u>1,960,395</u>
Current liabilities	27,911
Long-term liabilities	<u>600,000</u>
Total liabilities	<u>627,911</u>
Net assets:	
Investments in capital assets, net of related debt	398,650
Restricted – debt service	320,046
Unrestricted	<u>613,788</u>
Total net assets	<u><u>\$ 1,332,484</u></u>

Net assets of the South Bossier Parish Fire District No. 2's governmental activities increased by \$101,250 or 8%. Unrestricted net assets, the part of net assets that can be used to finance South Bossier Parish Fire District No. 2 expenses without constraints or other legal requirements totaled \$613,788 at December 31, 2003.



**Table 2**  
**Change in Net Assets**

	<u>Governmental Activities 2003</u>
Revenues	
General Revenues	
Ad valorem taxes	\$ 428,127
Intergovernmental	15,184
Interest income	3,898
Miscellaneous	<u>900</u>
Total revenues	448,109
Expenses	
Public safety – fire protection	<u>346,859</u>
Increase in net assets	<u>\$ 101,250</u>

Total revenues decreased \$106,293 (19%) from total revenues in the year ended December 31, 2002 of \$554,402 to total revenues of \$448,109 in the year ended December 31, 2003.

The primary reason for this decrease was a lowering of the ad valorem millage assessed for repayment of debt.

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$925,237, which is higher than last year's fund balance of \$769,611. The primary reasons for this increase were a reduction in capital outlay expenses.

#### **General Fund Budgetary Highlights**

The District adopted a budget for its General Fund for the year ended December 31, 2003. There were two amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 24. Highlights for the year are as follows:

- Revenue from property taxes was approximately \$15,000 higher than projected due to increased growth in the parish.
- The District spent less on capital outlay from its General Fund than projected.



The District's General Fund balance of \$598,114 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$305,639 reported in the budgetary comparison schedule on page 24. This is primarily due to the District budgeting on the cash basis of accounting.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 31, 2003, the South Bossier Parish Fire District No. 2 had invested \$998,650 in capital assets. (see table 3 below)

**Table 3  
Capital Assets At Year End  
(Net of Depreciation)**

	Governmental Activities 2003
Land	\$ 35,130
Buildings	334,842
Equipment	50,839
Vehicle	<u>577,839</u>
Total	<u>\$ 998,650</u>

This year's major additions included:

Quick Attack truck	<u>\$ 33,035</u>
--------------------	------------------

More detail information about the capital assets are presented in Note 4 to the financial statements.

**Debt**

Outstanding debt at December 31, 2003 was comprised of the following:

**Table 4  
Outstanding Debt At Year End**

	Governmental Activities 2003
General obligation bonds	<u>\$ 600,000</u>

State law restricts the amount of debt that the District may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the District. The District's total debt outstanding at year-end was well below this limitation.

More detail information about the debt are presented in Note 7 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The South Bossier Parish Fire District No. 2's management considered many factors when setting a fiscal year December 31, 2004 budget. Amounts available for appropriation in the governmental funds are expected to increase due to an increase in property taxes due to growth in the parish. Expenditures are expected to increase, as well, due to purchase of a new rescue truck and related equipment, as well as station renovations anticipated to prepare for 24-hour, seven-day staffing.

### **CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the South Bossier Parish Fire District No. 2 and to show the South Bossier Parish Fire District No. 2's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the South Bossier Parish Fire District No. 2, 3551 Highway 527, Elm Grove, LA 71051.

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Statement of Net Assets  
 December 31, 2003

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 527,080
Accounts receivable - ad valorem taxes	434,665
Capital assets (net)	<u>998,650</u>
Total assets	<u>1,960,395</u>
<b>LIABILITIES</b>	
Accounts payable	13,875
Accrued expenses	1,236
Accrued interest payable	12,800
Long-term liabilities:	
Portion due within one year	100,000
Portion due after one year	500,000
Total liabilities	<u>627,911</u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	398,650
Restricted for debt service	320,046
Unrestricted	613,788
Total net assets	<u>\$ 1,332,484</u>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Statement of Activities  
 For the Year Ended December 31, 2003

**GOVERNMENTAL ACTIVITIES**

Expenses:

General government	\$ 13,876
Public Safety - Fire Protection	293,586
Interest on long-term debt	39,397
Total expenses	346,859

General revenues:

Ad valorem taxes	428,127
Intergovernmental - fire insurance rebate	15,184
Interest income	3,898
Miscellaneous	900
Total general revenues	448,109

Change in net assets	101,250
----------------------	---------

Net assets - beginning, restated	1,231,234
----------------------------------	-----------

Net assets - ending	\$ 1,332,484
---------------------	--------------

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Balance Sheet  
 Governmental Funds  
 December 31, 2003

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 306,875	\$ 220,205	\$ 527,080
Accounts receivable	318,310	116,355	434,665
<b>Total assets</b>	<b>\$ 625,185</b>	<b>\$ 336,560</b>	<b>\$ 961,745</b>
<b>Liabilities</b>			
Accounts payable	\$ 10,161	\$ 3,714	\$ 13,875
Accrued expenses	1,236		1,236
Deferred revenue	15,674	5,723	21,397
<b>Total liabilities</b>	<b>27,071</b>	<b>9,437</b>	<b>36,508</b>
<b>Fund balances</b>			
Unreserved	598,114		598,114
Reserved - debt service		327,123	327,123
<b>Total fund balances</b>	<b>598,114</b>	<b>327,123</b>	<b>925,237</b>
<b>Total liabilities and fund balances</b>	<b>\$ 625,185</b>	<b>\$ 336,560</b>	

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	998,650
Other long-term assets are not available to pay for current - period expenditures and therefore are deferred in the governmental funds	21,397
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	(612,800)
<b>Net assets of governmental activities</b>	<b>\$ 1,332,484</b>

See accompanying notes to the basic financial statements.

**South Bossier Parish Fire District No. 2**  
**Elm Grove, Louisiana**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2003**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 353,685	\$ 146,718	\$ 500,403
Intergovernmental-fire insurance rebate	15,184		15,184
Donations and other income	900		900
Interest income	3,787	111	3,898
<b>Total revenues</b>	<b>373,556</b>	<b>146,829</b>	<b>520,385</b>
<b>Expenditures</b>			
<b>Current:</b>			
General government	10,162	3,714	13,876
Public Safety	177,574		177,574
<b>Debt Service</b>			
Principal retirement		95,000	95,000
Interest and fiscal charges		41,392	41,392
Paying agent fee		642	642
Capital outlay	36,275		36,275
<b>Total expenditures</b>	<b>224,011</b>	<b>140,748</b>	<b>364,759</b>
<b>Excess of revenues over (under) expenditures</b>	<b>149,545</b>	<b>6,081</b>	<b>155,626</b>
<b>Fund balances at beginning of year, restated</b>	<b>448,569</b>	<b>321,042</b>	<b>769,611</b>
<b>Fund balances at end of year</b>	<b>\$ 598,114</b>	<b>\$ 327,123</b>	<b>\$ 925,237</b>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2003

Net change in fund balances - total governmental funds \$ 155,626

*Amounts reported for governmental activities in the statement of activities are different because:*

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. This is the amount by which depreciation (\$115,370) exceeded capital outlays (\$36,275) in the current period. (79,095)

The repayment of principal of long-term debt consumes current financial resources of governmental funds. 95,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 21,397

With the implementation of GASB Statement 34, certain revenues and expenses were recognized on the full-accrual basis for the first time this year. This is the net effect of prior-year receivables on the adjustment to arrive at beginning net assets. (93,673)

Interest on long-term debt in statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets 1,995

Change in net assets of governmental activities \$ 101,250

See accompanying notes to the basic financial statements.



South Bossier Parish Fire District No. 2  
Elm Grove, Louisiana  
Notes to Financial Statements  
December 31, 2003

## INTRODUCTION

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 2003. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

### (1) Summary of Significant Accounting Policies

The South Bossier Parish Fire District No. 2's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the South Bossier Parish Fire District No. 2 are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the South Bossier Parish Fire District No. 2's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the South Bossier Parish Fire District No. 2's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The South Bossier Parish Fire District No. 2 has elected to implement the general provisions of the Statement in the current year.

#### A. 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.

(Continued)

South Bossier Parish Fire District No. 2  
Elm Grove, Louisiana  
Notes to Financial Statements  
December 31, 2003  
(Continued)

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

**B. Basic Financial Statements – Government-Wide Statements**

The South Bossier Parish Fire District No. 2's basic financial statements include both government-wide (reporting the funds maintained by the South Bossier Parish Fire District No. 2 as a whole) and fund financial statements (reporting the South Bossier Parish Fire District No. 2's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The South Bossier Parish Fire District No. 2's general fund and debt service fund are classified as governmental activities. The South Bossier Parish Fire District No. 2 does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The South Bossier Parish Fire District No. 2's net assets are reported in two parts – invested in capital assets (net of related debt), and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the South Bossier Parish Fire District No. 2's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The district had no program revenues. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the South Bossier Parish Fire District No. 2 as an entity and the change in the South Bossier Parish Fire District No. 2's net assets resulting from the current year's activities.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the South Bossier Parish Fire District No. 2 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

(Continued)

South Bossier Parish Fire District No. 2  
Elm Grove, Louisiana  
Notes to Financial Statements  
December 31, 2003  
(Continued)

The following fund types are used by the South Bossier Parish Fire District No. 2:

**Governmental Funds** – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the South Bossier Parish Fire District No. 2:

- a. General funds are the general operating funds of the South Bossier Parish Fire District No. 2. They are used to account for all financial resources except those required to be accounted for in another fund.
- b. The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The district's general fund and debt service fund were both determined to be major funds.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the South Bossier Parish Fire District No. 2 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year the taxes are assessed. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

(Continued)

South Bossier Parish Fire District No. 2  
Elm Grove, Louisiana  
Notes to Financial Statements  
December 31, 2003  
(Continued)

2. **Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

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 2 amendments to the 2003 budget, which are reflected in the accompanying budgetary financial statements.

F. **Cash, Cash Equivalents, and Investments**

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts 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 limited by Louisiana Revised Statue (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

(Continued)

South Bossier Parish Fire District No. 2  
Elm Grove, Louisiana  
Notes to Financial Statements  
December 31, 2003  
(Continued)

**G. Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25 years
Vehicles	15 years
Equipment	3 – 25 years

**H. 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, 2003. 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.

**I. Long-term Debt**

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

**J. 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, 2003  
 (Continued)

K. Deferred Revenue

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(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	11.49	11.49	2007
Debt Service	variable	4.20	2007

(3) Cash and Cash Equivalents

At December 31, 2003, the district had cash and cash equivalents (book balances) totaling \$527,080, as follows:

Demand deposits	\$ ( 3,610)
Interest-bearing demand deposits	320,056
Time deposits	<u>210,634</u>
	<u>\$ 527,080</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

(Continued)

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Notes to Financial Statements  
 December 31, 2003  
 (Continued)

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, 2003, the district had \$533,287 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$333,287 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.

(4) Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Balance at</u> <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>Dec. 31, 2003</u>
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 35,130	\$ -	\$ -	\$ 35,130
<b>Total capital assets, not being depreciated</b>	<u>35,130</u>	<u>-</u>	<u>-</u>	<u>35,130</u>
<b>Capital assets, being depreciated:</b>				
Buildings	510,975	-	-	510,975
Equipment	118,440	3,240	( 15,420)	106,260
Vehicles	1,328,476	33,035	-	1,361,511
<b>Total capital assets, being depreciated at historical cost</b>	<u>1,957,891</u>	<u>36,275</u>	<u>( 15,420)</u>	<u>1,978,746</u>
<b>Less accumulated depreciation:</b>				
Buildings	( 155,694)	( 20,439)	-	( 176,133)
Equipment	( 65,760)	( 5,081)	15,420	( 55,421)
Vehicles	( 693,822)	( 89,850)	-	( 783,672)
<b>Total accumulated depreciation</b>	<u>( 915,276)</u>	<u>( 115,370)</u>	<u>15,420</u>	<u>( 1,015,226)</u>
<b>Total capital assets, being depreciated, net</b>	<u>1,042,615</u>	<u>( 79,095)</u>	<u>-</u>	<u>963,520</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 1,077,745</u>	<u>\$ ( 79,095)</u>	<u>\$ -</u>	<u>\$ 998,650</u>

(Continued)



South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Notes to Financial Statements  
 December 31, 2003  
 (Continued)

Depreciation expense for the year ended December 31, 2003, was \$115,370. No prior accumulated depreciation was calculated on capital assets disposed of as of January 1, 2003 for purposes of GASB 34 conversion.

(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) Risk Management

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

(7) Long-term Debt

Changes in long-term debt for the year ended December 31, 2003 are summarized as follows:

	<u>Balance</u> <u>12/31/02</u>	<u>Issues—</u> <u>Additions</u>	<u>Payments -</u> <u>Expenditures</u>	<u>Balance</u> <u>12/31/03</u>	<u>Amount Due</u> <u>Within One Year</u>
General Obligation Bonds	\$ 695,000	\$ —	\$ 95,000	\$ 600,000	\$ 100,000

Bonds payable at December 31, 2003 are comprised of the following individual issue:

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, 2003 the amount of funds available to service the General Obligation bonds is \$327,123.

\$ 600,000

(Continued)

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Notes to Financial Statements  
 December 31, 2003

Debt service requirements at December 31, 2003, were as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 100,000	\$ 35,200	\$ 135,200
2005	110,000	28,480	138,480
2006	120,000	21,120	141,120
2007	130,000	13,120	143,120
2008	140,000	4,480	144,480
	<u>\$ 600,000</u>	<u>\$ 102,400</u>	<u>\$ 702,400</u>

(10) Change in Accounting Principles and Restatement of Fund Equity

A. Change in Accounting Principle

For 2003, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions"; GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments"; GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion Analysis for State and Local Governments: Omnibus"; GASB Statement No. 38, "Certain Financial Statement Note Disclosures"; and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

For 2003, the District has increased the threshold amount for capitalizing fixed assets to \$1,000.

(Continued)

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Notes to Financial Statements  
 December 31, 2003

B. Restatement of Fund Equity

The restatement due to the implementation of the above statements and interpretation had the following effects on fund equity of the major fund of the District as previously reported.

	General	Debt	Total
Fund balance, December 31, 2002	\$ 503,792	\$ 359,493	\$ 863,285
GASB Statement 33			
Adjustment—			
Ad valorem taxes	( 55,223)	( 38,451)	( 93,674)
Fund balance, December 31, 2002, restated	448,569	321,042	769,611
GASB 34			
Adjustment to Net Assets—			
Debt			( 695,000)
Capital assets, net			1,077,744
Deferred revenue			93,674
Accrued interest			( 14,795)
Government Activities			
Net Assets, December 31, 2002			\$ 1,231,234

South Bossier Parish Fire District No. 2  
 Elm Grove, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 241,300	\$ 273,300	\$ 288,509	\$ 15,209
Intergovernmental-fire insurance rebate	11,500	15,200	15,184	(16)
Donations and other income	1,800	1,800	900	(900)
Interest income	5,800	5,800	3,787	(2,013)
<b>Total revenues</b>	<u>260,400</u>	<u>296,100</u>	<u>308,380</u>	<u>12,280</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government			9,257	(9,257)
Public Safety	218,000	217,700	177,574	40,126
Capital outlay	42,400	78,400	36,275	42,125
<b>Total expenditures</b>	<u>260,400</u>	<u>296,100</u>	<u>223,106</u>	<u>72,994</u>
<b>Excess of revenues over (under) expenditures</b>			85,274	85,274
<b>Fund balances at beginning of year</b>			220,365	220,365
<b>Fund balances at end of year</b>	<u>\$</u>	<u>\$</u>	<u>\$ 305,639</u>	<u>\$ 305,639</u>

See accompanying note to required supplementary information.

**South Bossier Parish Fire District No. 2**  
**Elm Grove, Louisiana**  
**Notes to Required Supplementary Information**  
**December 31, 2003**

The District's budget is adopted on a cash basis for all funds. There were two amendments to the 2003 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 85,274
Adjustments:	
Revenue accruals – net	65,176
Expenditure accruals – net	<u>( 905)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 149,545</u>

# 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  
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA  
ALICE E. S. GREEN, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

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*

Board of Commissioners  
South Bossier Parish Fire District No. 2

We have audited the basic financial statements of South Bossier Parish Fire District No. 2 as of and for the year ended December 31, 2003, and have issued our report thereon dated June 18, 2004. 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.

### Compliance

As part of obtaining reasonable assurance about whether South Bossier Parish Fire District No. 2's basic 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 basic 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 basic 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Cook & Morehart  
Certified Public Accountants  
June 18, 2004



South Bossier Parish Fire District No. 2  
Elm Grove, Louisiana  
Summary Schedule of Audit Findings  
December 31, 2003

**Summary Schedule of Prior Audit Findings**

There were no management letter comments for the prior year audit for the year ended December 31, 2002.

There was one finding for the prior year audit for the year ended December 31, 2002.

*Finding:* Late submission of audit report.

*Current Status:* Audit for the year ended December 31, 2003 was submitted timely.

**Corrective Action Plan for Current Year Audit Findings**

There were no management letter comments or findings for the current year audit for the year ended December 31, 2003.