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**East Central Bossier Parish Fire District No. 1
Haughton, 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

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 – 2 |
| Required Supplementary Information Management's Discussion and Analysis | 3 – 8 |
| Basic Financial Statements: | |
| 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 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule | 24 |
| Notes to Required Supplementary Information | 25 |
| 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> | 26 – 27 |
| Schedules For Louisiana Legislative Auditor | 28 |
| Summary Schedule of Prior Year Audit Findings | |
| Corrective Action Plan For Current Year Audit Findings | |

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Independent Auditors' Report

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

We have audited the accompanying basic financial statements of the East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police 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 East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1 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, East Central Bossier Parish Fire District No. 1 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 15, 2004, on our consideration of East Central Bossier Parish Fire District No. 1'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.



Cook & Morehart
Certified Public Accountants
June 15, 2004

EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of East Central Bossier Parish Fire District No. 1's financial performance provides an overview of the East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1's net assets increased by \$59,256 or 4%.

The East Central Bossier Parish Fire District No. 1's total general revenues were \$516,403 in 2003 compared to \$538,177 in 2002.

During the year ended December 31, 2003, the East Central Bossier Parish Fire District No. 1 had total expenses, excluding depreciation of \$377,286.

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 East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1's operations in more detail than the government-wide statements by providing information about the East Central Bossier Parish Fire District No. 1's most significant funds.

The East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1.

Reporting the East Central Bossier Parish Fire District No. 1 as a Whole

Our analysis of the East Central Bossier Parish Fire District No. 1 as a whole begins on page 9. One of the most important questions asked about the East Central Bossier Parish Fire District No. 1's finances is "Is the East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1's *net assets* and changes in them. You can think of the East Central Bossier Parish Fire District No. 1's net assets – the difference between assets and liabilities – as one way to measure the East Central Bossier Parish Fire District No. 1's financial health, or *financial position*. Over time, *increases* or *decreases* in the East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the East Central Bossier Parish Fire District No. 1 – not the East Central Bossier Parish Fire District No. 1 as a whole. The East Central Bossier Parish Fire District No. 1's *governmental funds* use the following accounting approaches:

Governmental funds – All of the East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1 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 EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1 AS A WHOLE

The East Central Bossier Parish Fire District No. 1's total net assets changed from a year ago, increasing from \$1,450,742 to \$1,509,998. The December 31, 2003, year was the first period that GASB Statement 34 was applied. The East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1 will be presented.

**Table 1
Net Assets**

| | Governmental Activities <u>2003</u> |
|-------------------------------|---|
| Current and other assets | \$ 684,740 |
| Capital assets | <u>852,538</u> |
| Total assets | <u>1,537,278</u> |
| | |
| Current liabilities | 27,280 |
| | |
| Net assets: | |
| Investments in capital assets | 852,538 |
| Unrestricted | <u>657,460</u> |
| Total net assets | <u>\$ 1,509,998</u> |

Net assets of the East Central Bossier Parish Fire District No. 1's governmental activities increased by \$59,256 or 4%. Unrestricted net assets, the part of net assets that can be used to finance East Central Bossier Parish Fire District No. 1 expenses without constraints or other legal requirements, decreased from \$791,941 at December 31, 2002 to \$657,460 at December 31, 2003.

Table 2
Change in Net Assets

| | <u>Governmental Activities 2003</u> |
|---------------------------------|---|
| Revenues | |
| General Revenues | |
| Ad valorem taxes | \$ 479,577 |
| Intergovernmental | 33,888 |
| Interest income | 2,931 |
| Miscellaneous | <u>7</u> |
| Total revenues | \$ 516,403 |
| | |
| Expenses | |
| Public safety – fire protection | <u>457,147</u> |
| | |
| Increase in net assets | <u><u>\$ 59,256</u></u> |

Total revenues decreased \$21,774 (19%) from total revenues in the year ended December 31, 2002 of \$538,177 to total revenues of \$516,403 in the year ended December 31, 2003.

The primary reason for this decrease was the receipt of FEMA grant funds in 2002.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$578,363, which is lower than last year's fund balance of \$717,756. The primary reasons for this decrease was an increase in capital outlay expenditures.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2003. There was one amendment 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 \$26,000 higher than projected due to increased growth in the parish.
- Capital outlay expenditures for 2003 consisted of a new training building; construction of a new station in an area of our district that has experienced substantial growth in recent years; and purchase of a new engine to be housed at the new station.

The District's General Fund balance of \$578,363 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$169,590 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

At the end of December 31, 2003, the East Central Bossier Parish Fire District No. 1 had invested \$852,538 in capital assets. (see table 3 below)

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

| | Governmental Activities <u>2003</u> |
|-----------|---|
| Land | \$ 47,500 |
| Buildings | 250,517 |
| Equipment | 55,340 |
| Vehicle | <u>499,181</u> |
| Total | <u><u>\$ 852,538</u></u> |

This year's major additions included:

| | |
|----------------------------------|--------------------------|
| Training building | \$ 52,718 |
| New station | 51,400 |
| New engine and related equipment | <u>169,480</u> |
| | <u><u>\$ 273,598</u></u> |

More detailed information about the capital assets are presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The East Central Bossier Parish Fire District No. 1's management considered many factors when setting a fiscal year December 31, 2004 budget. Property tax millage will remain at 19 mills. We have no plans to incur any debt at this time. Expenditures for 2004 include office renovations and the construction of new sleeping quarters, as well as plans to repave the parking lot at our Central Station. Payroll expenditures are also expected to increase, due to the increase in the required employer portion of the firefighter retirement system.

CONTACTING THE FIRE DISTRICT NO.'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 East Central Bossier Parish Fire District No. 1 and to show the East Central Bossier Parish Fire District No. 1's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Central Bossier Parish Fire District No. 1.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Net Assets
 December 31, 2003

| | Governmental Activities |
|------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 9,260 |
| Investments | 164,252 |
| Receivables - ad valorem | 488,888 |
| Prepaid expenses | 22,340 |
| Capital assets (net) | 852,538 |
| Total assets | 1,537,278 |
| LIABILITIES | |
| Accounts payable | 27,280 |
| Total liabilities | 27,280 |
| NET ASSETS | |
| Investment in capital assets | 852,538 |
| Unrestricted | 657,460 |
| Total net assets | \$ 1,509,998 |

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2003

GOVERNMENTAL ACTIVITIES

Expenses:

| | |
|---------------------------------|-----------|
| General government | \$ 16,393 |
| Public Safety - fire protection | 440,754 |
| | 457,147 |
| Total expenses | 457,147 |

General revenues:

| | |
|----------------------------------|--------------|
| Ad valorem taxes | 479,577 |
| Fire insurance rebate | 33,888 |
| Interest Income | 2,931 |
| Miscellaneous revenues | 7 |
| | 516,403 |
| Change in net assets | 59,256 |
| Net assets - beginning, restated | 1,450,742 |
| Net assets - ending | \$ 1,509,998 |

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2003

| | <u>General Fund</u> |
|---|---------------------|
| Assets | |
| Cash | \$ 9,260 |
| Investments | 164,252 |
| Receivables-ad valorem taxes | 488,888 |
| Total assets | <u>\$ 662,400</u> |
| Liabilities | |
| Accounts payable | \$ 27,280 |
| Deferred revenue | 56,757 |
| Total liabilities | <u>84,037</u> |
| Fund balances | |
| Unreserved | 578,363 |
| 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. | 852,538 |
| The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendible financial resources - prepaid insurance | 22,340 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | <u>56,757</u> |
| Net assets of governmental activities | <u>\$ 1,509,998</u> |

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

| | <u>General Fund</u> |
|--|-------------------------------------|
| Revenues | |
| Ad valorem taxes | \$ 478,957 |
| Intergovernmental-fire insurance rebate | 33,888 |
| Donations and other income | 7 |
| Interest income | <u>2,931</u> |
| Total revenues | <u>515,783</u> |
| Expenditures | |
| Current: | |
| General government | 16,393 |
| Public Safety | 365,185 |
| Capital outlay | <u>273,598</u> |
| Total expenditures | <u>655,176</u> |
| Excess of revenues over (under) expenditures | (139,393) |
| Fund balances at beginning of year, restated | <u>717,756</u> |
| Fund balances at end of year | <u><u>\$ 578,363</u></u> |

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Benton, 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 \$ (139,393)

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 capital outlays \$273,598 exceeded
 depreciation (\$79,861) in the current period. 193,737

The nonallocation method of accounting for prepayments is used in the
 fund statements, since the prepayment does not provide expendible
 financial resources 4,292

Revenues in the statement of activities that do not provide current
 financial resources are not reported as revenues in the funds 56,757

With the implementation of GASB 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. (56,137)

Change in net assets of governmental activities \$ 59,256

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2003

INTRODUCTION

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492. 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 East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1 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)

East Central Bossier Parish Fire District No. 1
Haughton, 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 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 East Central Bossier Parish Fire District No. 1's basic financial statements include both government-wide (reporting the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole) and fund financial statements (reporting the East Central Bossier Parish Fire District No. 1's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The East Central Bossier Parish Fire District No. 1's general fund is classified as governmental activities. The East Central Bossier Parish Fire District No. 1 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 East Central Bossier Parish Fire District No. 1's net assets are reported in two parts – invested in capital assets and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1 as an entity and the change in the East Central Bossier Parish Fire District No. 1's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the East Central Bossier Parish Fire District No. 1 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)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

The following fund types are used by the East Central Bossier Parish Fire District No. 1:

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 fund of the East Central Bossier Parish Fire District No. 1:

- a. General fund is the general operating fund of the East Central Bossier Parish Fire District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.

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 was determined to be a major fund.

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 East Central Bossier Parish Fire District No. 1 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year in which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. 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)

East Central Bossier Parish Fire District No. 1
Haughton, 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 Board of Commissioners prior to December 16, of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
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 all funds. There was one amendment to the 2003 budget.

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.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

Investments are limited by Louisiana Revised Statute (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.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 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 | 12 – 40 years |
| Vehicles | 15 years |
| Equipment | 10 – 25 years |

H. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 2003, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as a current-year expenditure when leave is actually taken.

I. 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.

J. 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.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2003
 (Continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consist of capital assets net of accumulated depreciation. 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.

(2) Levied Taxes

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

| | Authorized Millage | Levied Millage | Expiration Date |
|-----------|-----------------------|-------------------|--------------------|
| Operating | 19.00 | 19.00 | 2008 |

(3) Cash and Cash Equivalents

At December 31, 2003, the district had cash and cash equivalents (book balances) totaling \$9,260, as follows:

| | |
|----------------------------------|-----------------|
| Interest-bearing demand deposits | \$ <u>9,260</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, 2003, the district had \$12,512 in deposits (collected bank balances). These deposits are entirely secured from risk by federal deposit insurance.

(4) Investments

At December 31, 2003, the district had investments totaling \$164,252 consisting of U.S. Money Market Funds. The carrying amount of these investments approximates market value.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2003
 (Continued)

The investments are in the name of the district and are held by the district's fiscal agent. The money market funds are considered category 1 in applying the credit risk of GASB Codification Section 150.164.

(5) 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> |
|---|--|-------------------|------------------|---|
| <u>Governmental Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 47,500 | \$ - | \$ - | \$ 47,500 |
| Total capital assets, not being depreciated | <u>47,500</u> | <u>-</u> | <u>-</u> | <u>47,500</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 237,774 | 104,118 | - | 341,892 |
| Equipment | 70,763 | 18,391 | - | 89,154 |
| Vehicles | <u>903,283</u> | <u>151,089</u> | <u>-</u> | <u>1,054,372</u> |
| Total capital assets, being depreciated at historical cost | <u>1,211,820</u> | <u>273,598</u> | <u>-</u> | <u>1,485,418</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (82,645) | (8,730) | - | (91,375) |
| Equipment | (28,906) | (4,908) | - | (33,814) |
| Vehicles | <u>(488,968)</u> | <u>(66,223)</u> | <u>-</u> | <u>(555,191)</u> |
| Total accumulated depreciation | <u>(600,519)</u> | <u>(79,861)</u> | <u>-</u> | <u>(680,380)</u> |
| Total capital assets, being depreciated, net | <u>611,301</u> | <u>193,737</u> | <u>-</u> | <u>805,038</u> |
| Governmental activities capital assets, net | <u>\$ 658,801</u> | <u>\$ 193,737</u> | <u>\$ -</u> | <u>\$ 852,538</u> |

Depreciation expense for the year ended December 31, 2003, was \$79,861. No prior accumulated depreciation was calculated on capital assets disposed of as of January 1, 2003, for purposes of GASB 34 conversion.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

(6) Pension Plan

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll for January 2003 through March 2003, 10.25 percent for April 2003, 18.25 percent for May through June 2003, and 21 percent for July through December 2003. In 2003, the contributions for the month of December 2003 in excess of 9 percent were refunded to the district. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2003, 2002, and 2001 were \$15,540, \$9,942, and \$10,524, respectively.

Other employees of the district who are not eligible to participate in the Firefighters' Retirement System are members of the Social Security System.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

(7) 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.

(8) Leases

For the year ended December 31, 2003, the district had one operating lease on equipment that is utilized by the district. Lease payments on this lease for the year ended December 31, 2003 were \$2,158. The minimum annual commitments under noncancelable leases are as follows:

| Year Ending <u>December 31,</u> | |
|------------------------------------|---------------|
| 2004 | \$ <u>644</u> |

(9) 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 \$5,000.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2003
(Continued)

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.

| | |
|---|---------------------|
| Fund balance, December 31, 2002 | \$ 773,892 |
| | |
| GASB Statement 33/36 | |
| Adjustment— | |
| Ad valorem taxes | (56,136) |
| Fund balance, December 31, 2002, restated | <u>717,756</u> |
| | |
| GASB 34 | |
| Adjustment to Net Assets— | |
| Prepaid expenses | 18,048 |
| Capital assets, net | 658,801 |
| Deferred revenue | <u>56,137</u> |
| | |
| Government Activities | |
| Net Assets, December 31, 2002 | <u>\$ 1,450,742</u> |

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2003

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance- Favorable (Unfavorable) |
|--|------------------|----------------|-------------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Ad valorem taxes | \$ 444,852 | \$ 444,852 | \$ 470,818 | \$ 25,966 |
| Intergovernmental-fire insurance rebate | 29,000 | 29,000 | 33,888 | 4,888 |
| Donations and other income | 350 | 350 | 7 | (343) |
| Interest income | 6,000 | 6,000 | 2,931 | (3,069) |
| Total revenues | 480,202 | 480,202 | 507,644 | 27,442 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 14,013 | 15,919 | 15,919 | |
| Public Safety | 570,575 | 398,858 | 367,446 | 31,412 |
| Capital outlay | 136,651 | 385,047 | 273,598 | 111,449 |
| Total expenditures | 721,239 | 799,824 | 656,963 | 142,861 |
| Excess of revenues over (under) expenditures | (241,037) | (319,622) | (149,319) | 170,303 |
| Fund balances at beginning of year | 241,037 | 319,622 | 318,909 | (713) |
| Fund balances at end of year | <u>\$</u> | <u>\$</u> | <u>\$ 169,590</u> | <u>\$ 169,590</u> |

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Required Supplementary Information
December 31, 2003

The District's budget is adopted on a cash basis for all funds. There was one amendment 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) | \$ (149,319) |
| Adjustments: | |
| Revenue accruals – net | 8,139 |
| Expenditure accruals – net | <u>1,787</u> |
| Excess of revenues and other sources over expenditures and other uses (GAAP basis) | <u>\$ (139,393)</u> |

COOK & MOREHART

Certified Public Accountants

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Commissioners
East Central Bossier Parish Fire District No. 1

We have audited the basic financial statements of East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 2003, and have issued our report thereon dated June 15, 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 East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1'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.



Cook & Morehart
Certified Public Accountants
June 15, 2004

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2003

Summary Schedule of Prior Audit Findings

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

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.