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**Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana**

Financial Statements With Auditor's Report

As of and For the Years Ended December 31, 2003 and 2002

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

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana

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Plain Dealing, Louisiana

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COOK & MOREHART

Certified Public Accountants

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

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

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana

We have audited the accompanying basic financial statements of the Northeast Bossier Parish Fire District No. 5, a component unit of the Bossier Parish Police Jury, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5 as of December 31, 2003 and 2002, and the changes in financial position for the years 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, Northeast Bossier Parish Fire District No. 5 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, 2002.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2004, on our consideration of Northeast Bossier Parish Fire District No. 5'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 27 – 29, 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 28, 2004

NORTHEAST BOSSIER PARISH FIRE DISTRICT NO. 5

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Northeast Bossier Parish Fire District No. 5's financial performance provides an overview of the Northeast Bossier Parish Fire District No. 5's financial activities for the two-year period ended December 31, 2003. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Northeast Bossier Parish Fire District No. 5's net assets decreased by \$37,934 or 6% for the year ended December 31, 2002. The District's net assets increased by \$48,926 or 9% for the year ended December 31, 2003.

The Northeast Bossier Parish Fire District No. 5's total general revenues were \$141,835 in 2003 compared to \$78,135 in 2002.

During the years ended December 31, 2003 and 2002, the Northeast Bossier Parish Fire District No. 5 had total expenses, excluding depreciation of \$56,793 and \$79,001, respectively.

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 Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5's operations in more detail than the government-wide statements by providing information about the Northeast Bossier Parish Fire District No. 5's most significant funds.

The Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5.

Reporting the Northeast Bossier Parish Fire District No. 5 as a Whole

Our analysis of the Northeast Bossier Parish Fire District No. 5 as a whole begins on page 9. One of the most important questions asked about the Northeast Bossier Parish

Fire District No. 5's finances is "Is the Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5's *net assets* and changes in them. You can think of the Northeast Bossier Parish Fire District No. 5's net assets – the difference between assets and liabilities – as one way to measure the Northeast Bossier Parish Fire District No. 5's financial health, or *financial position*. Over time, *increases* or *decreases* in the Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the Northeast Bossier Parish Fire District No. 5 – not the Northeast Bossier Parish Fire District No. 5 as a whole. The Northeast Bossier Parish Fire District No. 5's *governmental funds* use the following accounting approaches:

Governmental funds – All of the Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5 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 NORTHEAST BOSSIER PARISH FIRE DISTRICT NO. 5 AS A WHOLE

The Northeast Bossier Parish Fire District No. 5's total net assets increased from \$572,513 at December 31, 2002 to \$621,439 at December 31, 2003. The December 31, 2002, year was the first period that GASB Statement 34 was applied. The Northeast Bossier Parish Fire District No. 5 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 two-year period ended December 31, 2003.

**Table 1
Net Assets**

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 249,508	\$ 183,800
Capital assets	<u>377,049</u>	<u>401,377</u>
Total assets	<u>626,557</u>	<u>585,177</u>
Current liabilities	<u>5,118</u>	<u>12,664</u>
Net assets:		
Investments in capital assets	377,049	401,377
Restricted – capital projects	74,594	91,012
Unrestricted	<u>169,796</u>	<u>80,124</u>
Total net assets	<u>\$ 621,439</u>	<u>\$ 572,513</u>

Net assets of the Northeast Bossier Parish Fire District No. 5's governmental activities increased by \$48,926 (9%) in 2003 and decreased by \$37,934 (6%) in 2002. Unrestricted net assets, the part of net assets that can be used to finance Northeast Bossier Parish Fire District No. 5 expenses without constraints or other legal requirements totaled \$169,796 at December 31, 2003, compared to \$80,124 at December 31, 2002.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenues		
General Revenues		
Ad valorem taxes	\$ 136,025	\$ 61,383
Intergovernmental	3,043	4,514
Interest income	1,327	5,708
Miscellaneous	<u>1,440</u>	<u>6,530</u>
Total revenues	141,835	78,135
Expenses		
Public safety – fire protection	<u>92,909</u>	<u>116,069</u>
Increase (decrease) in net assets	<u>\$ 48,926</u>	<u>\$ (37,934)</u>

Total revenues increased \$63,700 (82%) from total revenues in the year ended December 31, 2002 of \$78,135 to total revenues of \$141,835 in the year ended December 31, 2003.

The primary reason for this increase was an increase in the ad valorem millage assessed for operations, from 11.01 mill to 22.00 mills.

THE DISTRICT'S FUNDS

As the District completed the year 2003, its governmental funds (as presented in the balance sheet on page 14) reported a *combined* fund balance of \$232,196, which is higher than the 2002 fund balance of \$155,373. The primary reasons for this increase was an increase in property taxes assessed.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the years ended December 31, 2003 and 2002. There was one amendment to the budget during each year. The District's budgetary comparisons are presented as required supplementary information and shown on pages 27-29. Highlights for each year are as follows:

- Revenue from property taxes were in line with budgeted amounts for 2002, but fell short of budgeted amounts for 2003.
- The District spent less on capital outlay from its General Fund than projected in both 2002 and 2003.

The District's General Fund balance reported on pages 11 and 12 differs from the General Fund's *budgetary* fund balance reported in the budgetary comparison schedules on pages 27-29. 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 and 2002, the Northeast Bossier Parish Fire District No. 5 had invested \$377,049 and \$401,377, respectively, in capital assets. (see table 3 below)

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

	Governmental Activities	
	2003	2002
Land	\$ 3,700	\$ 3,700
Buildings	109,777	111,429
Equipment	263,572	286,248
Total	\$ 377,049	\$ 401,377

Each year's major additions included:

Building addition/improvements	\$ 5,988	\$ 11,500
(7) back packs	-	10,430
Generator	5,800	-
	\$ 11,788	\$ 21,930

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

Debt

At January 1, 2002, the District had outstanding debt in the amount of \$210,000. This entire balance was paid off in 2002.

More detailed information about the debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Northeast Bossier Parish Fire District No. 5'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 the property tax millage assessed by the District. Expenditures are expected to increase, as well, due to anticipated purchases of a new equipment.

The District has plans to incur debt up to \$250,000 for the purchase of two new fire trucks in 2004.

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 Northeast Bossier Parish Fire District No. 5 and to show the Northeast Bossier Parish Fire District No. 5's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Northeast Bossier Parish Fire District No. 5, P.O. Box 810, Plain Dealing, LA 71064.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Statement of Net Assets
December 31, 2003 and 2002

ASSETS	GOVERNMENTAL ACTIVITIES	
	2003	2002
Cash and cash equivalents	\$ 115,691	\$ 122,306
Accounts receivable - ad valorem taxes	133,817	61,494
Capital assets (net)	377,049	401,377
Total assets	626,557	585,177
LIABILITIES		
Accounts payable	5,118	12,664
Total liabilities	5,118	12,664
NET ASSETS		
Investment in capital assets	377,049	401,377
Restricted - capital projects	74,594	91,012
Unrestricted	169,796	80,124
Total net assets	\$ 621,439	\$ 572,513

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Statement of Activities
For the Years Ended December 31, 2003 and 2002

Expenses:	GOVERNMENTAL ACTIVITIES	
	2003	2002
General government	\$ 4,230	\$ 1,927
Public Safety - fire protection	88,679	105,360
Interest on long-term debt		8,782
	92,909	116,069
General revenues:		
Ad valorem taxes	136,025	61,383
Fire insurance rebate	3,043	4,514
Interest Income	1,327	5,708
Miscellaneous revenues	1,440	6,530
Total general revenues	141,835	78,135
Change in net assets	48,926	(37,934)
Net assets - beginning, restated	572,513	610,447
Net assets - ending	\$ 621,439	\$ 572,513

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Balance Sheet
Governmental Funds
December 31, 2002

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 20,864	\$	\$ 101,442	\$ 122,306
Accounts receivable - ad valorem taxes	61,494			61,494
Total Assets	82,358		101,442	183,800
Liabilities				
Accounts payable	\$ 2,234	\$	\$ 10,430	12,664
Deferred revenue	15,763			15,763
Total liabilities	17,997		10,430	28,427
Fund balances				
Unreserved	64,361		91,012	155,373
Total liabilities and fund balances	\$ 82,358	\$	\$ 101,442	

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

Other long-term assets are not available to pay for current - period expenditures and therefore are deferred in the governmental funds

15,763

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

401,377

Net assets of governmental activities

\$ 572,513

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 55,889	\$ 10,738	\$	\$ 66,627
Intergovernmental				
Fire insurance rebate	4,514			4,514
Other income			6,530	6,530
Interest income	139	3,593	1,976	5,708
	<u>60,542</u>	<u>14,331</u>	<u>8,506</u>	<u>83,379</u>
Expenditures				
Current:				
General government	1,927			1,927
Public Safety	59,652			59,652
Debt Service				
Principal retirement		210,000		210,000
Interest and other charges		13,392		13,392
Capital outlay	3,848		18,082	21,930
	<u>65,427</u>	<u>223,392</u>	<u>18,082</u>	<u>306,901</u>
Excess of revenues over (under) expenditures	(4,885)	(209,061)	(9,576)	(223,522)
Other financing sources (uses):				
Operating transfers in			36,903	36,903
Operating transfers out	(5,743)	(31,160)		(36,903)
Total other financing sources (uses)	<u>(5,743)</u>	<u>(31,160)</u>	<u>36,903</u>	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(10,628)	(240,221)	27,327	(223,522)
Fund balances at beginning of year, as restated	<u>74,989</u>	<u>240,221</u>	<u>63,685</u>	<u>378,895</u>
Fund balances at end of year	<u>\$ 64,361</u>	<u>\$</u>	<u>\$ 91,012</u>	<u>\$ 155,373</u>

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, 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, 2002

Net change in fund balances - total governmental funds **\$ (223,522)**

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 (\$37,068) exceeded capital outlays (\$21,930) in the current period. **(15,138)**

The repayment of principal of long-term debt consumes current financial resources of governmental funds. **210,000**

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. **15,763**

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. **(16,637)**

The net effect of various transactions involving capital assets (loss on disposal of assets) is to decrease net assets. **(8,400)**

Change in net assets of governmental activities **\$ (37,934)**

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Balance Sheet
Governmental Funds
December 31, 2003

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 41,097	\$ 74,594	\$ 115,691
Accounts receivable - ad valorem taxes	133,817		133,817
Total Assets	174,914	74,594	249,508
 Liabilities			
Accounts payable	\$ 5,118	\$	5,118
Deferred revenue	12,194		12,194
Total liabilities	17,312		17,312
 Fund balances			
Unreserved	157,602	74,594	232,196
Total liabilities and fund balances	\$ 174,914	\$ 74,594	

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

Other long-term assets are not available to pay for current - period expenditures and therefore are deferred in the governmental funds	12,194
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	377,049
Net assets of governmental activities	\$ 621,439

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
 Plain Dealing, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2003

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 139,594	\$	\$ 139,594
Intergovernmental			
Fire insurance rebate	3,043		3,043
Other income	780	660	1,440
Interest income		1,327	1,327
Total revenues	<u>143,417</u>	<u>1,987</u>	<u>145,404</u>
Expenditures			
Current:			
General government	4,230		4,230
Public Safety	45,946	6,617	52,563
Capital outlay		11,788	11,788
Total expenditures	<u>50,176</u>	<u>18,405</u>	<u>68,581</u>
Excess of revenues over (under) expenditures	93,241	(16,418)	76,823
Fund balances at beginning of year	<u>64,361</u>	<u>91,012</u>	<u>155,373</u>
Fund balances at end of year	<u>\$ 157,602</u>	<u>\$ 74,594</u>	<u>\$ 232,196</u>

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, 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 \$ 76,823

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 (\$36,116) exceeded
capital outlays (\$11,788) in the current period. (24,328)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. This is the net effect
of prior year and current year deferred revenues. (3,569)

Change in net assets of governmental activities \$ 48,926

See accompanying notes to the basic financial statements.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002

INTRODUCTION

The Northeast Bossier Parish Fire District No. 5 was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on November 10, 1987 by ordinance number 2096. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury, the Town of Plain Dealing, and by the commissioners themselves. The Board of Commissioners received no compensation during 2002 and 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 Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5 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)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(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 Northeast Bossier Parish Fire District No. 5's basic financial statements include both government-wide (reporting the funds maintained by the Northeast Bossier Parish Fire District No. 5 as a whole) and fund financial statements (reporting the Northeast Bossier Parish Fire District No. 5's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Northeast Bossier Parish Fire District No. 5's general fund, debt service fund, and capital projects fund are classified as governmental activities. The Northeast Bossier Parish Fire District No. 5 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 Northeast Bossier Parish Fire District No. 5's net assets are reported in three parts – invested in capital assets (net of related debt), restricted for capital projects, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5 as an entity and the change in the Northeast Bossier Parish Fire District No. 5's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Northeast Bossier Parish Fire District No. 5 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)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

The following fund types are used by the Northeast Bossier Parish Fire District No. 5:

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 Northeast Bossier Parish Fire District No. 5:

- a. General funds are the general operating funds of the Northeast Bossier Parish Fire District No. 5. 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.
- c. The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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, debt service fund, and capital projects fund were all determined to be major funds in 2002. The general fund and capital projects fund were both determined to be major funds in 2003.

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.

(Continued)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

Revenues of the Northeast Bossier Parish Fire District No. 5 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.

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 prepares a budget for the General Fund and uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the board of commissioners 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 by voting at a meeting.
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. The original budget for 2002 was amended one time. The original budget for 2003 was amended one time. Those amendments are reflected in the budgetary comparisons included in the accompanying financial statements.

(Continued)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

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 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 \$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	15 – 40 years
Equipment	5 – 25 years

H. 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.

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.

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.

(Continued)

Northeast Bossier Parish Fire District No. 5
 Plain Dealing, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

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.

K. 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:

	<i>Authorized Millage</i>	<i>Levied Millage</i>	<i>Expiration Date</i>
Operating – 2002	11.01	11.01	2010
Operating – 2003	22.50	22.00	2012

In January 2003, voters approved a millage increase to 22.00 mills beginning with the year 2003 and ending with the year 2012.

(3) Cash and Cash Equivalents

At December 31, 2003 and 2002, the district had cash and cash equivalents (book balances) totaling \$115,691 and \$122,306, respectively, as follows:

	2003	2002
Interest-bearing demand deposits	\$ 59,029	\$ 66,835
Time deposits	56,662	55,471
	\$ 115,691	\$ 122,306

(Continued)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

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 and 2002, the district had \$116,033 and \$122,749, respectively, in deposits (collected bank balances). These deposits are entirely secured from risk by federal deposit insurance.

(4) Capital Assets

Capital asset activity for the year ended December 31, 2002, was as follows:

	Balance at Jan. 1, 2002	Additions	Deletions	Balance at Dec. 31, 2003
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,700	\$ -	\$ -	\$ 3,700
Total capital assets, not being depreciated	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>3,700</u>
Capital assets, being depreciated:				
Buildings	133,342	11,500	-	144,842
Equipment	480,309	10,430	(34,660)	456,079
Total capital assets, being depreciated at historical cost	<u>613,651</u>	<u>21,930</u>	<u>(34,660)</u>	<u>600,921</u>
Less accumulated depreciation:				
Buildings	(29,368)	(4,045)	-	(33,413)
Equipment	(163,068)	(33,023)	26,260	(169,831)
Total accumulated depreciation	<u>(192,436)</u>	<u>(37,068)</u>	<u>26,260</u>	<u>(203,244)</u>
Total capital assets, being depreciated, net	<u>421,215</u>	<u>(15,138)</u>	<u>(8,400)</u>	<u>397,677</u>
Governmental activities capital assets, net	<u>\$ 424,915</u>	<u>\$(15,138)</u>	<u>\$(8,400)</u>	<u>\$ 401,377</u>

Depreciation expense for the year ended December 31, 2002, was \$37,068. No prior accumulated depreciation was calculated on capital assets disposed of as of December 31, 2001, for purposes of GASB 34 conversion.

(Continued)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

(4) **Capital Assets (continued)**

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

	<u>Balance at Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2003</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,700	\$ -	\$ -	\$ 3,700
Total capital assets, not being depreciated	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>3,700</u>
Capital assets, being depreciated:				
Buildings	144,842	2,788	-	147,630
Equipment	<u>456,079</u>	<u>9,000</u>	<u>-</u>	<u>465,079</u>
Total capital assets, being depreciated at historical cost	<u>600,921</u>	<u>11,788</u>	<u>-</u>	<u>612,709</u>
Less accumulated depreciation:				
Buildings	(33,413)	(4,440)	-	(37,853)
Equipment	<u>(169,831)</u>	<u>(31,676)</u>	<u>-</u>	<u>(201,507)</u>
Total accumulated depreciation	<u>(203,244)</u>	<u>(36,116)</u>	<u>-</u>	<u>(239,360)</u>
Total capital assets, being depreciated, net	<u>397,677</u>	<u>(24,328)</u>	<u>-</u>	<u>373,349</u>
Governmental activities capital assets, net	<u>\$ 401,377</u>	<u>\$(24,328)</u>	<u>\$ -</u>	<u>\$ 377,049</u>

Depreciation expense for the year ended December 31, 2003, was \$36,116.

(5) **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.

(Continued)

Northeast Bossier Parish Fire District No. 5
 Plain Dealing, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(6) Interfund Transfers

Interfund transfers during 2002 represent amounts transferred from the general fund and debt service fund to the capital projects fund for capital acquisitions. Debt service funds were used to paid off the District's debt in 2002, and the remaining excess in the debt service fund was transferred to the capital projects fund to be used for capital acquisitions. Interfund activity has been eliminated in the government-wide statements.

(7) Long-term Debt

At December 31,2001, long-term debt consisted of General Obligation Bonds. The 1992 bonds had an original issue amount of \$400,000 for the acquisition of buildings, machinery, and equipment. Payment was due in annual installments of \$15,000 to \$40,000 through March 1, 2007. The interest rates were from 6.30 to 9.25 percent. The District paid off the entire balance of the debt in 2002. The debt redemption was paid from the Debt Service Fund.

Changes in long-term debt for the year ended December 31, 2002 are summarized as follows:

	<u>Balance</u> <u>12/31/01</u>	<u>Issues-</u> <u>Additions</u>	<u>Payments -</u> <u>Expenditures</u>	<u>Balance</u> <u>12/31/02</u>	<u>Amount Due</u> <u>Within One Year</u>
Certificates of Indebtedness	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ -

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

A. Change in Accounting Principle

Effective January 1, 2002, 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.

Effective January 1, 2002, the District has increased the threshold amount for capitalizing fixed assets to \$1,000.

(Continued)

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(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.

	<u>General</u>	<u>Debt</u>	<u>Capital Projects</u>	<u>Total</u>
Fund balance, December 31, 2001	\$ 85,255	\$ 250,959	\$ 63,685	\$ 399,899
GASB Statement 33 Adjustment— Ad valorem taxes	(10,266)	(10,738)	—	(21,004)
Fund balance, December 31, 2001, restated	<u>74,989</u>	<u>240,221</u>	<u>63,685</u>	<u>378,895</u>
GASB 34 Adjustment to Net Assets— Debt				(210,000)
Capital assets, net				424,915
Deferred revenue				21,007
Accrued interest				(4,370)
Government Activities Net Assets, December 31, 2001				<u>\$ 610,447</u>

(9) Commitment

The District has obtained state bond commission approval to incur debt up to \$250,000 for the purchase of two new fire trucks. As of June 30, 2004, the district has not yet incurred the debt or purchased the trucks.

Northeast Bossier Parish Fire District No. 5
 Plain Dealing, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2002

	General Fund			Variance- Favorable (Unfavorable)
	Budget - Original	Budget - Final	Actual	
Revenues				
Ad valorem taxes	\$ 75,000	\$ 75,000	\$ 73,615	\$ (1,385)
Intergovernmental				
Fire insurance rebate	4,000	4,000	4,514	514
Interest income			142	142
Total revenues	79,000	79,000	78,271	(729)
Expenditures				
Current:				
General government			2,264	(2,264)
Public Safety	59,000	54,000	57,630	1,370
Capital outlay	20,000	25,000	3,848	16,152
Total expenditures	79,000	79,000	63,742	15,258
Excess of revenues over (under) expenditures			14,529	14,529
Other financing sources (uses):				
Operating transfer out			(5,743)	(5,743)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses			8,786	8,786
Fund balances at beginning of year			12,078	12,078
Fund balances at end of year	\$	\$	\$ 20,864	\$ 20,864

See accompanying note to required supplementary information.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	General Fund			Variance- Favorable (Unfavorable)
	Budget - Original	Budget - Final	Actual	
Revenues				
Ad valorem taxes	\$ 70,000	\$ 70,000	\$ 61,775	\$ (8,225)
Intergovernmental				
Fire insurance rebate	2,000	2,000	3,043	1,043
Other income			780	780
Total revenues	72,000	72,000	65,598	(6,402)
Expenditures				
Current:				
General government			1,927	(1,927)
Public Safety	56,000	56,000	43,438	12,562
Capital outlay	16,000	16,000		16,000
Total expenditures	72,000	72,000	45,365	26,635
Excess of revenues over (under) expenditures			20,233	20,233
Fund balances at beginning of year			20,864	20,864
Fund balances at end of year	\$	\$	\$ 41,097	\$ 41,097

See accompanying note to required supplementary information.

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Notes to Required Supplementary Information
December 31, 2003 and 2002

The District's budget is adopted on a cash basis for all funds. There was one amendment each to the 2002 and 2003 budgets. 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:

	General Fund	
	2003	2002
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 20,233	\$ 8,786
Adjustments:		
Revenue accruals – net	77,819	(17,729)
Expenditure accruals – net	(4,811)	(1,685)
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	\$ 93,241	\$ (10,628)

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
Northeast Bossier Parish Fire District No. 5

We have audited the basic financial statements of Northeast Bossier Parish Fire District No. 5 as of December 31, 2003 and 2002, and for the years then ended, and have issued our report thereon dated June 28, 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 Northeast Bossier Parish Fire District No. 5'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 Northeast Bossier Parish Fire District No. 5'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 28, 2004

Northeast Bossier Parish Fire District No. 5
Plain Dealing, Louisiana
Summary Schedule of Audit Findings
December 31, 2003

Summary Schedule of Prior Audit Findings

There were no management letter comments or findings for the current year audit for the prior audit period ended December 31, 2001.

Corrective Action Plan for Current Year Audit Findings

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