

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS

BOSSIER CITY, LOUISIANA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 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 7/16/03

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
BOSSIER CITY, LOUISIANA

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| Independent Auditor's Report | 1-2 |
| Required Supplemental Information | |
| Management's Discussion and Analysis | 3-5 |
| Combined Government-Wide and Fund Financial Statements | |
| Statement of Net Assets and Governmental Funds Balance Sheet | 6 |
| Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance for the year ended December 31, 2002 | 7 |
| Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance for the year ended December 31, 2001 | 8 |
| Notes to Financial Statements | 9-17 |
| Required Supplemental Information | |
| Budgetary Comparison Schedule General Fund for the year ended December 31, 2002 | 18 |
| Budgetary Comparison Schedule General Fund for the year ended December 31, 2001 | 19 |
| Supplemental Information | |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards | 20-21 |
| Schedule of Findings and Questioned Costs | 22-23 |
| Corrective Action Plan for Current Year Audit Findings | 24 |
| Management's Schedule for Prior Years Audit Findings | 25 |
| Schedule of Compensation Paid Board Members | 26 |

Richard C. McCallister
Certified Public Accountant

3536 Youree Drive
P.O. Box 44046
Shreveport, LA 71134-4046
(318) 865-9206
FAX (318) 865-0751

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Executive Council
Caddo-Bossier Office of Emergency Preparedness
Bossier City, Louisiana

I have audited the accompanying financial statements of Caddo-Bossier Office of Emergency Preparedness, Bossier City, Louisiana as of December 31, 2002 and for the two years then ended. These financial statements are the responsibility of the Caddo-Bossier Office of Emergency Preparedness management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted governmental auditing standards, the financial and compliance segments of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Caddo-Bossier Office of Emergency Preparedness, Bossier City, Louisiana as of December 31 2002, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

My audit was made primarily for the purpose of forming an opinion on the financial statements at December 31, 2002 and the two years ended. The required supplemental information, as listed in the table of contents, is not a required part of the financial statements, but is supplementary information required by Governmental Accounting Standards. This required supplementary information is the responsibility of Caddo-Bossier Office of Emergency Preparedness management. It has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with Governmental Auditing Standards, I have also issued my report dated June 13, 2003, on my consideration of the Caddo-Bossier Office of Emergency Preparedness internal control over financial reporting and my tests of its compliance with certain provisions of the laws, regulations, contracts, and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

 **Richard C
McCallister**
Signature
Valid

Digitally signed
by Richard C
McCallister
DN: cn=Richard
C McCallister,
c=US
Date: 2003.06.30
15:46:35 -05'00'

Richard C. McCallister
June 13, 2003

REQUIRED SUPPLEMENTAL INFORMATION

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Our discussion and analysis of Caddo-Bossier Office of Emergency Preparedness (CBOEP) financial performance provides an overview of CBOEP financial activities for the years ended December 31, 2002 and 2001. Please read this information in conjunction with our financial statements which begin on page 6.

Financial Highlights

The CBOEP's net assets increased significantly as a result of the combined years operations. Net Assets increased \$139,060 or approximately 50% over two years ago.

The CBOEP's total revenues average annual increase of \$214,000 is attributable to additional grants mostly attributable to anti-terrorism activities.

Total administrative and program expenditures average annual increase was approximately \$162,000 or 50% as compared to 2002.

The overall financial position of CBOEP has remained relatively stable.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the CBOEP as a whole and present a long-term view of the CBOEP finances. Fund financial statements are presented to tell how services were financed in the short-term as well as what remains for future spending.

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about CBOEP as a whole and about its activities in a way that helps one determine if the office financial health is better or worse off as a result of its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net assets and changes in them. You will need to consider other factors, however, such as the ability of grant providers to continue current funding levels to assess the overall health of CBOEP.

In the Statement of Net Assets and the Statement of Activities all the CBOEP's functions and programs are reported as governmental activities. Grants from local and state government agencies finance these activities.

Fund Financial Statements

The fund financial statements provide information about the CBOEP's government funds. Government funds 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 be readily converted to cash. The governmental fund statements provide a short-term view of CBOEP's government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future. We describe the differences between governmental activities and governmental funds in a reconciliation in the notes to financial statements.

CBOEP has no proprietary (business-type) funds. For the purposes of the fund financial statements, all of the CBOEP's revenues and expenditures are reported in the general fund.

The CBOEP as a Whole and the CBOEP's Funds

A summary of the Statement of Net Assets is as follows:

| | December 31 | | |
|--------------------------------------|-------------------|-------------------|-------------------|
| | <u>2002</u> | <u>2001</u> | <u>Change</u> |
| Cash, Investments and Receivables | \$ 417,576 | \$ 412,398 | \$ 5,178 |
| Capital Assets (Net of Depreciation) | 45,024 | 54,001 | (8,977) |
| Total Assets | <u>462,600</u> | <u>466,399</u> | <u>(3,799)</u> |
| | | | |
| Liabilities | 44,711 | 38,266 | (6,445) |
| | | | |
| Net Assets: | | | |
| Invested in Capital Assets | 45,024 | 54,001 | (8,977) |
| Unrestricted | 372,865 | 374,132 | (1,267) |
| Total net assets | <u>417,889</u> | <u>428,133</u> | <u>(10,244)</u> |
| | | | |
| Total liabilities and net assets | <u>\$ 462,600</u> | <u>\$ 466,399</u> | <u>\$ (3,799)</u> |

During 2001, CBOEP purchased a vehicle for use in its operations at a cost of \$17,785. During 2001 and 2002, \$22,308 of office furniture and equipment was added. Further detail is included in the notes to the financial statements.

A summary of the Statement of Activities is as follows:

| | <u>2002</u> | <u>2001</u> | Increase (Decrease) |
|------------------------------|-------------------|-------------------|------------------------|
| Revenues | | | |
| Grants and contributions | \$ 539,313 | \$ 530,001 | \$ 9,312 |
| Investment income | 7,742 | 9,984 | (2,242) |
| Other | 8,308 | - | 8,308 |
| Total Revenues | <u>555,363</u> | <u>539,985</u> | <u>15,378</u> |
| | | | |
| Public Safety Expenditures | <u>565,607</u> | <u>390,681</u> | <u>174,926</u> |
| | | | |
| Change in net assets | (10,244) | 149,304 | <u>\$ (159,548)</u> |
| | | | |
| Net assets beginning of year | <u>428,133</u> | <u>278,829</u> | |
| | | | |
| Net assets end of year | <u>\$ 417,889</u> | <u>\$ 428,133</u> | |

The increase in expenditures is primarily the result of grant funds received in 2001 and expended in 2002. The cost of general office operations has increased only marginally over prior years.

General Fund Budgetary Highlights

The CBOEP submits an operating budget for approval by the CBOEP board. The Board members consist of the mayors of Shreveport and Bossier and the presidents of the Caddo Parish Commission and Bossier Parish Policy Jury. Each member then includes the appropriations in the budgets of their respective government. In addition, the Louisiana Office of Emergency Preparedness provides funding on a reimbursement basis that is included in the operating budget. Other grants are separately budgeted in accordance with the grant agreements. Most variations in actual and budgeted amounts are a result of the timing of receipt and expenditure of various non-reoccurring grants and awards.

The budget for 2003 anticipates an increase \$19,320 in general operations.

Contacting CBOEP's Financial Management

This financial report is designed to provide taxpayers with a general overview of CBOEP's finances and to show CBOEP's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Caddo-Bossier Office of Emergency Preparedness at 1511 Doctors Drive, Bossier City, Louisiana.

COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2002

| | <u>General Fund</u> | <u>Adjustments Note (9)</u> | <u>Statement of Net Assets</u> |
|--|-------------------------|---------------------------------|------------------------------------|
| <u>ASSETS</u> | | | |
| Cash | 326,598 | | 326,598 |
| Investments - Note 3 | 64,567 | | 64,567 |
| Accounts receivable grants - Note 4 | 26,411 | | 26,411 |
| Capital assets, net of accumulated depreciation - Note 5 | | 45,024 | 45,024 |
| | <u>417,576</u> | <u>45,024</u> | <u>462,600</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 1,971 | | 1,971 |
| Accrued expenses | 42,740 | | 42,740 |
| | <u>44,711</u> | | <u>44,711</u> |
| <u>FUND BALANCE/NET ASSETS</u> | | | |
| Fund balances: | | | |
| Unreserved | 372,865 | (372,865) | |
| Total fund balances | <u>372,865</u> | <u>(372,865)</u> | |
| | <u>417,576</u> | | |
| Net assets | | | |
| Invested in capital assets, net of related debt | | 45,024 | 45,024 |
| Unrestricted | | 372,865 | 372,865 |
| Total net assets | | <u>417,889</u> | <u>417,889</u> |

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

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2002

| | <u>General Fund</u> | <u>Adjustments Note (9)</u> | <u>Statement of Activities</u> |
|---|-------------------------|---------------------------------|------------------------------------|
| <u>REVENUES</u> | | | |
| Intergovernmental revenues: | | | |
| Federal grants | 180,000 | | 180,000 |
| State grants | 65,813 | | 65,813 |
| Local grants | 282,500 | | 282,500 |
| Community support | 11,000 | | 11,000 |
| Interest | 7,742 | | 7,742 |
| Other | 8,308 | | 8,308 |
| | <u>555,363</u> | | <u>555,363</u> |
| <u>EXPENDITURES/EXPENSES</u> | | | |
| Public Safety: | | | |
| Personnel | 263,456 | | 263,456 |
| Insurance | 6,784 | | 6,784 |
| Public affairs | 2,355 | | 2,355 |
| Warning and communication | 92,905 | | 92,905 |
| Medical supplies | 129,066 | | 129,066 |
| Travel | 10,509 | | 10,509 |
| Employee retirement | 16,321 | | 16,321 |
| Maintenance | 5,165 | | 5,165 |
| Supplies | 19,542 | | 19,542 |
| Professional services | 6,238 | | 6,238 |
| Depreciation | | 13,266 | 13,266 |
| Capital outlays | 4,289 | (4,289) | - |
| | <u>556,630</u> | <u>8,977</u> | <u>565,607</u> |
| <u>EXCESS OF REVENUES OVER EXPENDITURES</u> | (1,267) | 1,267 | |
| <u>CHANGE IN NET ASSETS</u> | | (10,244) | (10,244) |
| <u>FUND BALANCE/NET ASSETS-BEGINNING OF YEAR</u> | <u>374,132</u> | <u>54,001</u> | <u>428,133</u> |
| <u>FUND BALANCE/NET ASSETS-END OF YEAR</u> | <u>372,865</u> | <u>45,024</u> | <u>417,889</u> |

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

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <u>General Fund</u> | <u>Adjustments Note (9)</u> | <u>Statement of Activities</u> |
|---|-------------------------|---------------------------------|------------------------------------|
| <u>REVENUES</u> | | | |
| Intergovernmental revenues: | | | |
| Federal grants | 152,876 | | 152,876 |
| State grants | 92,622 | | 92,622 |
| Local grants | 273,000 | | 273,000 |
| Community support | 11,503 | | 11,503 |
| Interest | 9,984 | | 9,984 |
| | 539,985 | | 539,985 |
| | | | |
| <u>EXPENDITURES/EXPENSES</u> | | | |
| Public safety: | | | |
| Personnel | 212,682 | | 212,682 |
| Insurance | 8,709 | | 8,709 |
| Public affairs | 2,017 | | 2,017 |
| Warning and communication | 88,089 | | 88,089 |
| Travel | 9,248 | | 9,248 |
| Employee retirement | 18,581 | | 18,581 |
| Maintenance | 8,218 | | 8,218 |
| Supplies | 10,402 | | 10,402 |
| Professional services | 7,970 | | 7,970 |
| Depreciation | - | 24,765 | 24,765 |
| Capital outlays | 35,804 | (35,804) | - |
| | 401,720 | (11,039) | 390,681 |
| | | | |
| <u>EXCESS OF REVENUES OVER EXPENDITURES</u> | 138,265 | (138,265) | |
| | | | |
| <u>CHANGE IN NET ASSETS</u> | | 149,304 | 149,304 |
| | | | |
| <u>FUND BALANCE/NET ASSETS-BEGINNING OF YEAR</u> | 235,867 | 42,962 | 278,829 |
| | | | |
| <u>FUND BALANCE/NET ASSETS-END OF YEAR</u> | 374,132 | 54,001 | 428,133 |

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

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Caddo-Bossier Office of Emergency Preparedness have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. This office does not use encumbrance accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. FINANCIAL REPORTING ENTITY

The Caddo-Bossier Office of Emergency Preparedness is an independent agency governed by a four-member Board. The Board consists of the mayors of Shreveport and Bossier City and the presidents of the Caddo Parish Commission and the Bossier Parish Police Jury. The agency operates autonomously from these four governmental units. It controls hiring and retention of employees; has authority over its own budgeting; is responsible for its deficits; and collects and disburses its own funds. Therefore, the agency reports as an independent reporting entity.

C. GOVERNMENT-WIDE ACCOUNTING

In accordance with Governmental Accounting Standards No. 34, the Caddo-Bossier Office of Emergency Preparedness has presented a Statement of Net Assets and Statement of Activities. This office has no component units. Fiduciary funds are reported separately when applicable. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the Statement of Net Assets and Statement of Activities are as follows:

Application of FASB Statements and Interpretations

Reporting on governmental-type activities are based on FASB Statements and interpretations issued after November 31, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with initial useful life that extends beyond one year and a cost of at least \$100 is capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the

Statement of Net Assets. This office does not own any infrastructure assets. Vehicles are depreciated with a useful life of four years. Furniture and equipment estimated lives vary from five to twelve years.

D. FUND ACCOUNTING

The Agency uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the agency are all classified as Governmental Funds. Governmental funds account for the Agency's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the Agency include:

General Fund – The general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The Statement of Net Assets and Statement of Activities are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in the fund.

The governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Available means collected within the current year or expected to be collected within 60 days following year-end. All revenue sources met this criterion. Operating statements of these funds present increases and decreases in net current assets. Expenditures for capital assets are reported as current expense, and such assets are not depreciated.

F. BUDGETS

The Agency uses the following budget practices:

1. Budgets are prepared on the modified accrual basis of accounting and were adopted for the General Fund for 2001 and 2002.
2. The Agency's Executive Director prepares the proposed budget and submits it to the Chairman of the Board no later than fifteen days prior to the beginning of each fiscal year.
3. The Board adopts the budget by majority vote.
4. Budgetary amendments are made by the Executive Director and do not require approval of the Board.
5. All budgetary appropriations lapse at year-end.
6. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts and all subsequent budget amendments.

The Agency did not comply with the provision in state law requiring that proposed budgets be advertised as available for public inspection prior to adoption.

G. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is generally used in governmental funds. Based on the size of the accounts and the methods utilized for payments, the Agency does not employ encumbrance accounting.

H. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Agency may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under the laws of the United States.

I. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Agency's investment policy. 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.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. COMPENSATED ABSENCES

Vested or accumulated vacation leave is reported as an expenditure/expense and a liability of the governmental when earned.

L. NET ASSETS/FUND BALANCES

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in capital assets, net of related debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted net assets

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted net assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific purpose.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally separated to a specific future use.

2. CASH AND CASH EQUIVALENTS

The Office of Emergency Preparedness classifies demand and time deposits as cash. The collected balances of the deposits with financial institutions at December 31, 2002 was \$350,643 and was collateralized as follows:

| | |
|--|-------------------------|
| Amount insured by FDIC | \$241,913 |
| Amount collateralized with securities, held by pledging financial institution's trust department in the agency's name (Category 2, GASB Statement No. 3) | <u>365,058</u> |
| Total collateral | <u><u>\$606,971</u></u> |

These deposits are stated at cost, which approximates market. Book value of deposits differs from collected balances and equals \$326,598. Under state law, these deposits must be secured by federal deposit insurance or the pledge of the 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.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Agency that the fiscal agent has failed to pay deposited funds upon demand.

3. INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Agency or its agent in the Agency's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Agency's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Agency's name.

The Agency's investments all fall under category 1 and consist of obligations of FHLMC and FNMA. Investments are carried at amortized cost of \$64,567. Market value at December 31, 2002 approximated cost.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2002:

| | |
|--|------------------------|
| Local grant-Caddo Parish | \$8,450 |
| State grant-Louisiana Office of Emergency Preparedness | <u>17,961</u> |
| Total grant receivables | <u><u>\$26,411</u></u> |

5. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2002 and 2001, was as follows:

| <u>Description</u> | <u>01/01/2002</u> | <u>Additions</u> | <u>Retirements</u> | <u>12/31/2002</u> |
|--|-------------------|------------------|--------------------|-------------------|
| Equipment | \$140,061 | \$4,289 | \$223 | \$144,127 |
| Vehicles | 17,785 | - | - | 17,785 |
| Totals | <u>157,846</u> | <u>4,289</u> | <u>223</u> | <u>161,912</u> |
| <u>Accumulated Depreciation</u> | | | | |
| Equipment | 100,138 | 8,820 | 223 | 108,735 |
| Vehicles | 3,705 | 4,446 | 0 | 8,151 |
| Totals | <u>103,843</u> | <u>13,266</u> | <u>223</u> | <u>116,886</u> |
| Net capital assets | <u>\$54,003</u> | <u>(\$8,977)</u> | <u>\$ -</u> | <u>\$45,026</u> |
| | | | | |
| <u>Assets at Cost</u> | | | | |
| <u>Description</u> | <u>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> |
| | <u>01/01/2001</u> | | | <u>12/31/2001</u> |
| Equipment | \$ 127,375 | \$ 18,020 | \$ 5,334 | \$ 140,061 |
| Vehicles | 19,596 | 17,785 | 19,596 | 17,785 |
| Totals | <u>146,971</u> | <u>35,805</u> | <u>24,930</u> | <u>157,846</u> |
| <u>Accumulated Depreciation</u> | | | | |
| Equipment | 84,820 | 20,652 | 5,334 | 100,138 |
| Vehicles | 19,188 | 4,113 | 19,596 | 3,705 |
| Totals | <u>104,008</u> | <u>24,765</u> | <u>24,930</u> | <u>103,843</u> |
| Net capital assets | <u>\$42,963</u> | <u>\$11,040</u> | <u>\$ -</u> | <u>\$54,003</u> |

6. PENSION PLAN

Plan Description – The agency covers its full time permanent employees with the City of Shreveport Employees Retirement System. The System is independent of the Caddo-Bossier Office of Emergency Preparedness. The City of Shreveport Employees Retirement System (City Plan) is a cost sharing multiple employer defined benefit pension plan, which is administered by the City of Shreveport.

To be eligible for retirement benefits, employees must have 30 years of service regardless of age, or be age 65 and have 10 years of service and if hired before January 1, 1979 be 55 years of age with 20 years of service. Employees hired after January 1, 1979, may retire at age 55 with 25 years of service or age 60 with 20 years of service. Disability retirement requires 5 years or more of creditable service in order for an employee to be eligible to receive benefits. Death benefit requirements specify that an employee must have been in active service with 10 or more years of creditable service in the Retirement System. Employees become vested in the system after 10 years of creditable service.

Shreveport City Ordinance establishes benefit provisions. Benefits available to employees hired before January 1, 1996, consist of an annuity, which is the actuarial equivalent of the

employee's accumulated contributions; plus annual pension, which together with the annuity, provides total retirement allowance equal to 3 percent of average compensation times years of creditable service. Beginning January 1, 1996, the retirement allowance was increased to 3 1/3 percent of average compensation times years of creditable service for 1996 and future years of service. For a service retirement benefit prior to age 65 with less than 20 but more than 10 years of service, the benefit is reduced by 1/4 percent for each month below age 65. If a member dies after retirement and leaves a surviving spouse to whom he/she had been married for at least one year immediately preceding death, such spouse receives 50 percent of the member's retirement for the rest of his/her life. A disability benefit is available if a member is unable to engage in any substantial, gainful activity by reason of medically determined physical or mental impairment, which is likely to be permanent. The Deferred Retirement Option Plan allows members who have met eligibility requirements to defer receipt of benefits until termination at which time the participant will be eligible to receive the deferred benefits.

The City of Shreveport issues an annual publicly available financial report that includes financial statements and required supplementary information. Readers are referred to the Notes to the General Purpose Financial Statements contained in the Comprehensive Annual Financial Report of the City of Shreveport for the years ended December 31, 2002.

Funding Policy - Covered employees are required to contribute 9 percent of their salary to the City Plan while the employer is required to contribute 9.15 percent of the covered employees' salaries. The Shreveport City Ordinance establishes the employer and employee contribution obligations. City of Shreveport Ordinance may amend employee or employer contributions. Employer contributions to the plan were \$16,321 and \$18,581 on covered payroll of \$178,372 and \$203,071 for the years ended December 31, 2002 and 2001, respectively.

Caddo Bossier Office of Emergency Preparedness does not guarantee any of the benefits granted under the plan.

7. COMPENSATED ABSENCES

Full time employees may earn from one hundred thirty to two hundred twenty-five hours of annual leave and sick leave per year depending on their length of service. Upon separation of service, employees may be paid for annual leave up to five hundred hours. Employees are not paid for accrued sick leave upon separation of service, but accrued sick leave may be applied against total employment years at retirement. The amount of accrued leave at December 31, 2002 was \$42,740 and is included as a liability of the general fund and statement of net assets.

8. RISK MANAGEMENT

The agency covers its risks of loss through the purchase of commercial insurance. Operations do not expose the agency to any significant risks.

9. RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS AND THAT OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

| | <u>2002</u> | <u>2001</u> |
|--|--------------------|-------------------|
| Total fund balance - total governmental funds | \$ 372,865 | |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet | <u>45,024</u> | |
| Total net assets of governmental activities | <u>417,889</u> | |
| Net change in fund balance - total governmental funds | (1,267) | \$ 138,265 |
| 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 as depreciation expense. This is the amount by which depreciation charged was less than (exceeded) capital outlays for the period. | <u>(8,977)</u> | <u>11,039</u> |
| Change in net assets of governmental activities | <u>\$ (10,244)</u> | <u>\$ 149,304</u> |

10. NET ASSETS RESTATED

In the government-wide financial statements, capital assets previously recorded in governmental activities were recorded in accordance with GASB Statement No. 34. The depreciation that would have impacted the change in net assets in prior years was considered. The restatement resulted in \$278,829 in beginning net assets for 2001.

REQUIRED SUPPLEMENTAL INFORMATION

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

| | <u>Budget (1)</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------|---------------|-----------------|
| <u>REVENUES</u> | | | |
| Intergovernmental revenues: | | | |
| Federal Grants | 180,000 | 180,000 | - |
| State Grants | 70,000 | 65,813 | (4,187) |
| Local Grants | 282,500 | 282,500 | - |
| Community support | - | 11,000 | 11,000 |
| Interest | - | 7,742 | 7,742 |
| Other | - | 8,308 | 8,308 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 532,500 | 555,363 | 22,863 |
| | <hr/> | <hr/> | <hr/> |
| <u>EXPENDITURES</u> | | | |
| Public Safety: | | | |
| Personnel | 247,385 | 263,456 | (16,071) |
| Insurance | 7,950 | 6,784 | 1,166 |
| Public affairs | 2,000 | 2,355 | (355) |
| Warning and communication | 78,908 | 92,905 | (13,997) |
| Medical supplies | 129,066 | 129,066 | - |
| Travel | 8,300 | 10,509 | (2,209) |
| Employee retirement | 25,125 | 16,321 | 8,804 |
| Maintenance | 2,930 | 5,165 | (2,235) |
| Supplies | 14,324 | 19,542 | (5,218) |
| Professional services | 3,600 | 6,238 | (2,638) |
| Capital outlays | 15,750 | 4,289 | 11,461 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 535,338 | 556,630 | (21,292) |
| | <hr/> | <hr/> | <hr/> |
| <u>EXCESS OF REVENUES</u> | | | |
| <u>OVER (UNDER) EXPENDITURES</u> | (2,838) | (1,267) | 1,571 |
| | <hr/> | <hr/> | <hr/> |
| <u>FUND BALANCE-BEGINNING OF YEAR</u> | 374,000 | 374,132 | 132 |
| | <hr/> | <hr/> | <hr/> |
| <u>FUND BALANCE-END OF YEAR</u> | 371,162 | 372,865 | 1,703 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

(1) Modified accrual basis of accounting.

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <u>Budget (1)</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------|---------------|-----------------|
| <u>REVENUES</u> | | | |
| Intergovernmental revenues: | | | |
| Federal Grants | 281,428 | 152,876 | (128,552) |
| State Grants | 70,000 | 92,622 | 22,622 |
| Local Grants | 274,400 | 273,000 | (1,400) |
| Community Support | 15,010 | 11,503 | (3,507) |
| Interest | 0 | 9,984 | 9,984 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 640,838 | 539,985 | (100,853) |
| | <hr/> | <hr/> | <hr/> |
| <u>EXPENDITURES</u> | | | |
| Public Safety: | | | |
| Personnel | 224,635 | 212,682 | 11,953 |
| Insurance | 7,950 | 8,709 | (759) |
| Public affairs | 2,000 | 2,017 | (17) |
| Warning and communication | 342,968 | 88,089 | 254,879 |
| Travel | 8,300 | 9,248 | (948) |
| Employee retirement | 17,875 | 18,581 | (706) |
| Maintenance | 2,930 | 8,218 | (5,288) |
| Supplies | 9,820 | 10,402 | (582) |
| Professional services | 3,600 | 7,970 | (4,370) |
| Capital outlays | 20,760 | 35,804 | (15,044) |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 640,838 | 401,720 | 239,118 |
| | <hr/> | <hr/> | <hr/> |
| <u>EXCESS OF REVENUES</u> | | | |
| <u>OVER (UNDER) EXPENDITURES</u> | - | 138,265 | 138,265 |
| <u>FUND BALANCE - BEGINNING OF YEAR</u> | 235,867 | 235,867 | - |
| | <hr/> | <hr/> | <hr/> |
| <u>FUND BALANCE - END OF YEAR</u> | 235,867 | 235,867 | 138,265 |
| | <hr/> | <hr/> | <hr/> |

(1) Modified accrual basis of accounting.

SUPPLEMENTAL INFORMATION

Richard C. McCallister
Certified Public Accountant

3536 Youree Drive
P.O. Box 44046
Shreveport, LA 71134-4046
(318) 865-9206
FAX (318) 865-0751

Member
American Institute of
Certified Public Accountants

Member
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**

To the Executive Council
Caddo-Bossier Office of Emergency Preparedness
Bossier City, Louisiana

I have audited the financial statements of Caddo-Bossier Office of Emergency Preparedness, Bossier City, Louisiana, as of and for the years ended December 25, 2002 and 2001 and have issued my report thereon dated June 13, 2003. I have conducted my audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.


Compliance

As part of obtaining reasonable assurance about whether Caddo-Bossier Office of Emergency Preparedness, Bossier City, Louisiana, financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed material instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Caddo-Bossier Office of Emergency Preparedness internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My 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 general purpose 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. I noted no matters involving the internal control structure over financial reporting and its operation that I consider to be a material weakness.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Signature Valid
**Richard C
McCallister**
Richard C. McCallister
June 13, 2003

Digitally signed
by Richard C
McCallister
DN: cn=Richard
C McCallister,
c=US
Date: 2003.06.30
15:47:28 -05'00'

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Part 1 – Summary of Audit Results

FINANCIAL STATEMENTS

1. Auditor's Report

An unqualified opinion has been issued on the financial statements.

2. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

No conditions were reported.

Compliance

There were three material instances of noncompliance reported in Part 2.

Part 2 – Financial Statement Findings

Finding 2002-1

Condition – The agency failed to file timely its compilation for the previous fiscal year.

Cause & Effect – Management was unaware that compilations were due at an earlier time than the bi-annual audit.

Recommendation – An engagement with a CPA should be made prior to the close of each fiscal year.

Response – The agency concurs with the finding and will engage a CPA before year-end.

Finding 2002-2

Condition – Budgets were prepared and adopted by the Board. The budgets should have been made available for public inspection in an advertised open meeting. In addition, budgets are not monitored or amended when necessary.

Cause & Effect – State law regarding budgeting process was not followed. The public was not given the opportunity to provide input to the budget.

Recommendation – An open meeting should be held that is advertised in the official journal of the agency to make the proposed budget available for the public before adoption.

Response – The Agency will follow proper procedures in the future.

Finding 2002-3

Condition – A vehicle was purchased after receiving three quotes from various dealerships.

Cause & Effect – By not strictly following Public Bid Law, the purchase violated those laws. Any purchase or group of similar items of \$15,000 in one year must be purchased using the bidding process.

Recommendation – For future, vehicle purchases could more easily be accomplished by using the State of Louisiana procurement program.

Response – This office will consider the use of the program and monitor all purchases.

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

| Ref. No. | Description of Finding | Corrective Action Planned | Name of Contact Person | Date of Anticipated Completion |
|---|---|---|------------------------|--------------------------------|
| Section I – Internal control and compliance material to the financial statements | | | | |
| 2002-1 | Financial statements not filed within three months as of year-end close | Director will engage CPA in sufficient time to meet deadline | Chuck Mazziotti | 12/31/03 |
| 2002-2 | Budget not made available for public inspection nor amended | Proposed budget will be available for public inspection before adoption and amendments made | Chuck Mazziotti | 12/15/03 |
| 2002-3 | Public Bid law not followed | All purchases will be monitored and bid as necessary | Chuck Mazziotti | As Required |

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
MANAGEMENT'S SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Planned Corrective Action/Partial Corrective Action Taken |
|---|--|---|-------------------------|---|
| Section I – Internal control and compliance material to the financial statements | | | | |
| 1 | 12/31/00 | Audit not filed timely | Yes | |
| 2 | 12/31/00 | Budgets not advertised for inspection by public | No | Will follow for 2004 budget |

Section II – Management letter

None

CADDO-BOSSIER OFFICE OF EMERGENCY PREPAREDNESS
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

None of the Board members are compensated.