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CADDO PARISH FIRE DISTRICT NUMBER 4

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FINANCIAL STATEMENTS

December 31, 1995

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Release Date 7-24-96

CADDO PARISH FIRE DISTRICT NUMBER 4

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To the Members of the Board of Commissioners
Caddo Parish Fire District Number 4
Caddo Parish, Louisiana

We have compiled the accompanying general purpose financial statements of Caddo Parish Fire District Number 4, a component unit of the Caddo Parish Commission, as of December 31, 1995, and for the year then ended in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

June 10, 1996

CADDO PARISH FIRE DISTRICT NUMBER 4

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1995

	Governmental Fund Types		Account Group		Totals (Memorandum Only)	
	General	Debt Service	General Fixed Assets	General Long-term Debt	December 31, 1995	December 31, 1994
Assets and Other Debits						
Cash and cash equivalents	\$ 16,947	\$ 72,558	\$	\$	\$ 89,505	\$ 105,972
Prepaid insurance	1,227				1,227	1,105
Accounts receivable - employees	1,600				1,600	
Accounts receivable:						
Parcel fees	104,895				104,895	104,000
Ad valorem taxes	75,105	45,054			120,159	107,949
Less:-allowance for uncollectible taxes	(8,487)	(5,064)			(13,551)	(15,304)
Due from governmental units	12,185		582,017	112,548	582,017	591,041
Fixed assets					112,548	123,560
Amount available in debt service fund						
Amount to be provided for retirement of long-term debt				117,452	117,452	141,440
Total Assets	\$ 203,472	\$ 112,548	\$ 582,017	\$ 230,000	\$ 1,128,037	\$ 1,170,903
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$	\$	\$	\$	\$	\$ 26,162
Salaries payable	2,911				2,911	1,442
Payroll taxes payable	262				262	445
Bonds payable				230,000	230,000	265,000
Total Liabilities	3,173	-	-	230,000	233,173	293,049
Fund Balance:						
Investment in general fixed assets			582,017		582,017	591,041
Fund balance:						
Reserved for debt service		112,548			112,548	123,560
Unreserved/undesignated	200,299				200,299	163,253
Total Fund Balance	200,299	112,548	582,017	-	894,864	877,854
Total Liabilities and Fund Balance	\$ 203,472	\$ 112,548	\$ 582,017	\$ 230,000	\$ 1,128,037	\$ 1,170,903

CADDO PARISH FIRE DISTRICT NUMBER 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Type Year Ended December 31, 1995

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>1995</u>	<u>1994</u>
Revenues:				
Taxes	\$ 74,672	\$ 44,803	\$ 119,475	\$ 109,315
Parcel fees	111,350		111,350	108,200
Intergovernmental:				
State revenue sharing	16,710		16,710	16,710
Fire insurance tax	12,482		12,482	11,268
Interest income	2,011	2,973	4,984	6,065
Miscellaneous revenues	1,144		1,144	50
Total revenues	<u>218,369</u>	<u>47,776</u>	<u>266,145</u>	<u>251,608</u>
Expenditures:				
Current:				
General government	33,507	354	33,861	75,148
Public safety	146,299	1,238	147,537	176,983
Capital Outlay	4,970		4,970	8,520
Debt Service:				
Bond principal paid		35,000	35,000	30,000
Interest paid		22,196	22,196	25,002
Long-term lease paid				
Total expenditures	<u>184,776</u>	<u>58,788</u>	<u>243,564</u>	<u>315,653</u>
Excess of Expenditures over Revenues	<u>33,593</u>	<u>(11,012)</u>	<u>22,581</u>	<u>(64,045)</u>
Other Financing Sources:				
Sale of equipment	<u>3,453</u>		<u>3,453</u>	<u>11,228</u>
Excess of Expenditures over Revenues and Other Sources	37,046	(11,012)	26,034	(52,817)
Fund Balances, Beginning	163,253	123,560	286,813	349,790
Prior Period Adjustment				(10,160)
Fund Balances, Ending	<u>\$ 200,299</u>	<u>\$ 112,548</u>	<u>\$ 312,847</u>	<u>\$ 286,813</u>

CADDO PARISH FIRE DISTRICT NUMBER 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund Year Ended December 31, 1995

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 79,611	\$ 74,672	\$ (4,939)
Parcel fees	102,790	111,350	8,560
Intergovernmental revenues:			
Fire Insurance rebate	12,000	12,482	482
State revenue sharing	14,000	16,710	2,710
Interest	3,200	2,011	(1,189)
Miscellaneous revenue	100	1,144	1,044
Total revenues	211,701	218,369	6,668
Expenditures:			
Current:			
General government	45,462	33,507	11,955
Public Safety	134,580	146,299	(11,719)
Capital Outlay	12,000	4,970	7,030
Total expenditures	192,042	184,776	7,266
Excess (deficiency) of revenues over (under) expenditures	19,659	33,593	13,934
Other financing sources:			
Sale of equipment	3,600	3,453	(147)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	23,259	37,046	13,787
Fund Balances, Beginning	163,253	163,253	-
Fund Balances, Ending	\$ 186,512	\$ 200,299	\$ 13,787

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements December 31, 1995

The Fire District Number 4 (the District) is an incorporated political subdivision of the state of Louisiana. It is financed primarily by ad valorem taxes and parcel fees, approved by the qualified voters of the district. The district is governed by a board of commissioners. It is supervised by the Caddo Parish Commission. There are five board members and five employees. The board members are not compensated. The purpose of the District is to provide fire protection and emergency services to residents of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying component unit financial statements of Fire District Number 4 have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity. These financial statements include all funds and account groups over which the District exercises control, authority, management, influence or accountability. Control by or influence over the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of the governing body, and general oversight responsibility.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
2. The ability of the police jury to impose its will on that organization, and
3. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Because the police jury meets the above criteria, the district was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying component unit 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.

Fund Accounting. The District uses funds and account groups (general long-term obligations and general fixed asset) to report on its financial position and the results of its operations. The operations of the funds are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The account groups, on the other hand, are financial reporting devices designed to provide accountability for certain assets that are not recorded in the fund because they do not directly affect net expendable available financial resources and to provide accountability for long-term liabilities to be financed from the general fund.

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements
December 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Funds of the district are classified as governmental funds. Governmental funds account for the 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 and all operating activities. Governmental funds of the district 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.

Debt Service Fund - Accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term obligations recorded in the general long-term obligations account group.

Fixed Assets and Long-term Liabilities. The accounting and reporting treatment applied to the fixed assets and long-term debt associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type organizations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements
December 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budgets. A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31, of each year during the board's regular December meeting. The proposed budget is prepared on the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. The budget was amended in 1995.

Compensated Absences and Pension Plan. Compensated absences do not accrue past the calendar year and are not paid for if not taken. Therefore, no liability for compensated absences exist.

Bad Debts. An allowance for doubtful accounts has been established for estimated uncollectible ad valorem taxes. Accounts receivable are written-off against this account when information becomes available indicating the amounts are uncollectible.

Total Columns on Combined Statements. Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH:

At December 31, 1995, the carrying amount of the District's cash deposits total \$89,505. The deposits are in demand deposit and money market accounts. Under state law, the deposits 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. At December 31, 1995, the District deposits were secured by federal deposit insurance.

3. AD VALOREM TAXES AND PARCEL FEES:

The District levies taxes on real and business personal property within its boundaries. Property taxes attach as an enforceable lien on property as of January 1 of each year. Property taxes are recorded as receivables and revenue in the year assessed to the extent that revenues are collected within 60 days after year-end. The voters have also approved the levying of a \$50.00 parcel fee per structure.

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

	<u>1995 Millage</u>	
	<u>Authorized</u>	<u>Levied</u>
Maintenance and Operation Tax	12.14	10.00
Bond Tax	Variable	6.00
Parcel Fees		\$50 per parcel

The taxes levied during 1995 were \$119,478 on property with an assessed value of \$7,467,160. Total parcel fees levied were \$111,350 on 2,227 parcels.

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements December 31, 1995

4. DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units (excluding the ad valorem taxes and parcel fees which are collected by Sheriff and remitted to the fire district) consist of the following:

State revenue sharing	\$ 12,185
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5. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>Balance January 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1995</u>
Land	\$ -	\$ 2,000	\$ -	\$ 2,000
Buildings & Improvements	97,505	-	-	97,505
Equipment & Furniture	<u>493,536</u>	<u>2,970</u>	<u>13,994</u>	<u>482,512</u>
Total	<u>\$ 591,041</u>	<u>\$ 4,970</u>	<u>\$ 13,994</u>	<u>\$ 582,017</u>

6. LEASES:

The district has entered into three, fifteen-year operating leases for plots of land where the district facilities are located. During 1995, the land for the Grawood Station was purchased for \$2000. The leases stipulate rental rates of one dollar per year and all rents were prepaid at inception. At the end of the fifteen-year term, all land and improvements become the property of the lessors (original owners). One of the leases has an option for a ten-year extension. The leases will expire, including extensions as follows: December 28, 2009, and March 21, 2000.

7. CHANGES IN LONG-TERM OBLIGATIONS:

The following is a summary of the long-term obligation transactions during the year:

	<u>Debt</u>
Long-term Obligations Payable January 1, 1995	\$ 265,000
Debt retirements	<u>35,000</u>
Long-term Obligations Payable December 31, 1995	<u>\$ 230,000</u>

Bonds payable consist of a \$400,000 bond issue dated March 1, 1985, due in annual installments of \$25,000 to \$60,000, through March 1, 2000. The bonds are secured by levy and collection of ad valorem taxes.

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements
December 31, 1995

7. CHANGES IN LONG-TERM OBLIGATIONS:

The annual requirements to amortize all bonded debt outstanding as of December 31, 1995, including interest of \$57,133 are:

<u>Year Ending December 31</u>	<u>Principal and Interest Due</u>	<u>Interest Rate</u>
1996	\$ 54,108	8.75%
1997	55,750	8.9%
1998	56,925	9%
1999	57,650	9%
2000	<u>62,700</u>	9%
Total	<u>\$ 287,133</u>	

8. RETIREMENT COMMITMENTS

Firefighters' Retirement System

- A. **Plan Description** - All full-time firefighters who earn at least \$375 per month excluding supplemental pay, except those in Orleans, Lafayette, or East Baton Rouge Parishes, are eligible to receive retirement benefits from this plan.

The plan provides retirement benefits, a deferred retirement option plan, and death and disability benefits. A member shall be eligible for regular retirement if he has 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Benefits vest after the members have attained both the age and the years of service requirements which entitle them to regular retirement benefits. Any member who meets the eligibility requirements for regular retirement pay may elect to receive his benefit in an equal retirement allowance payable throughout life, equal to 3 1/3% of his average final compensation based on the 36 months of highest pay multiplied by their total years of service, not to exceed 100% or he may elect to receive a reduced monthly retirement allowance payable under four other option plans.

Act 475 of 1984 established a unique plan by which members of this system could "retire," yet continue employment and defer receipt of retirement benefits until their employment is terminated. In lieu of terminating employment and accepting a service retirement allowance, any member of this system who has at least 20 years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the deferred retirement option plan for up to two years and defer the receipt of benefits until he terminates employment.

Disability and survivors' benefits are also provided through this system. Any member under the age of 50 at the time of disability will receive a benefit in accordance with the type of disability. Any member who is 50 or older at the time of disability will receive the greater of his regular retirement allowance based on his creditable years of service or the appropriate benefit for the type of disability incurred.

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements
December 31, 1995

8. RETIREMENT COMMITMENTS (Continued)

Firefighters' Retirement System

A. Plan Description (Continued)

Survivor benefits are payable to the surviving spouse and for surviving minor children of a deceased and for surviving minor children of a deceased active contributing member or a deceased disability retiree. If the surviving spouse remarries, the benefit shall cease. Benefits are determined by state statute.

The Fire District's covered payroll for 1995 was \$72,466. The Fire District's payroll for 1994 was \$98,490.

- B. Contributions Required and Made - Employees of the District are required to pay 8% of their compensation to the Plan. The district makes annual contributions equal to the amount required by state statutes. During 1995 and 1994 the District was required to contribute 9% of its gross payroll to the Plan. Total contributions were \$9,332 and \$9,246 for the years ended December 31, 1995 and 1994.

C. Funding Status and Progress

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5 that, with some exceptions, must be used by a public retirement system. The standardized measurement is the actuarial present value of credited projected benefits.

This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among other PERS and among other employers.

Total unfunded pension benefit obligation (in millions) of the Firefighters' Retirement System as of June 30, 1995 was as follows:

Total pension benefit obligations	\$ 392.7
Net assets available for pension benefits, at cost	<u>352.4</u>
Unfunded pension benefit obligation	<u>\$ (40.3)</u>

The measurement of the total pension benefit obligation is based on an actuarial evaluation as of June 30, 1995. Net assets available to pay pension benefits were valued as of the same date.

The Fire District's 1995 and 1994 contributions to the state PERS represents .11% and .15% respectively of the total current year actuarially determined contribution requirements for all employers covered by the pension plan.

CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements
December 31, 1995

8. RETIREMENT COMMITMENTS (Continued)

Firefighters' Retirement System

C. Funding Status and Progress (Continued)

Ten-year historical trend information is presented in the Firefighters' Retirement System Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

- D. Related Party Investments - During 1995 and 1994, the state PERS held no securities issued by the Fire District or other related parties.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Commissioners
Caddo Parish Fire District Number 4
Caddo Parish, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Caddo Parish Fire District Number Four and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Caddo Parish Fire District Number Four's compliance with certain laws and regulations during the period ended December 31, 1995, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

There were not any expenditures made during the year for materials and supplies exceeding \$5,000.

Code of Ethics for Public Officials and Public Employees

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

Management provided us with the required list including the noted information.

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

Management provided us with the required list.

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

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Fire District for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Caddo Parish Fire District Number Four and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Smith Pugh Robinson LLP

Certified Public Accountants

June 10, 1996