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CADDO PARISH FIRE DISTRICT NO. 2
Bossier, Louisiana

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
October 31, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the public library, newspaper, utility and other appropriate public officials. This 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 MAR 11 1998



CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
October 31, 1997

C O N T E N T S

	Statement	Page No.
Independent Auditor's Report		2
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	4
Governmental Fund Type:		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	B	5
Notes to the Financial Statements		6
Independent Auditor's Reports Required by Government Auditing Standards:		
Report on Compliance With Laws, Regulations, and Contracts		13
Report on Internal Control Structure		16



Independent Auditor's Report

**BOARD OF COMMISSIONERS
CAJODO PARISH FIRE DISTRICT NO. 2
Blandford, Louisiana**

I have audited the general purpose financial statements of the Cajodo Parish Fire District No. 2, a component unit of the Cajodo Parish Commission, as of October 31, 1997, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Cajodo Parish Fire District No. 2's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to in the first paragraph present fairly, in all material aspects, the financial position of the Cajodo Parish Fire District No. 2 as of October 31, 1997, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated February 25, 1998, on my consideration of Cajodo Parish Fire District No. 2's internal control structure and a report dated February 16, 1998, on its compliance with laws, regulations, and contracts.

West Monroe, Louisiana
February 16, 1998

VERNON R. QUON
MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

MEMBER OF LOUISIANA
SOCIETY OF PUBLIC
ACCOUNTANTS

PRACTICE LIMITED TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING

110 PROFESSIONAL DRIVE
WEST MONROE,
LOUISIANA 71291
PHONE 225-233-2121
FAX 225-233-2122
E-MAIL VQUON@AOL.COM

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

CADDO PARISH FIRE DISTRICT NO. 2
Blachard, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, October 31, 1997

	GOVERNMENTAL FUND TYPE GENERAL FUND	ACCOUNT GROUP GENERAL FUNDS ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$143,547		\$143,547
Land, buildings, and equipment		\$561,639	\$561,639
TOTAL ASSETS	\$143,547	\$561,639	\$705,186
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$3,382		\$3,382
Payroll withholdings payable	916		916
Total Liabilities	4,298	NONE	4,298
Fund Equity:			
Investment in general fixed assets		\$561,639	\$561,639
Fund balances:			
Designated for fire track	47,695		47,695
Unreserved - undesignated	91,354		91,354
Total Fund Equity	139,049	\$61,639	\$200,688
TOTAL LIABILITIES AND FUND EQUITY	\$143,547	\$61,639	\$705,186

The accompanying notes are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 2
Monroe, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended October 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$75,355	\$75,763	\$408
Service charge	67,260	79,841	12,581
Intergovernmental revenues - state funds:			
State revenue sharing (net)	4,956	3,799	(1,157)
Fire insurance rebate	3,850	3,844	(6)
Use of money and property	6,556	6,476	(80)
Total revenues	<u>157,577</u>	<u>169,723</u>	<u>12,146</u>
EXPENDITURES			
Current - public safety:			
Personal services and related benefits	68,863	64,863	4,000
Operating services	28,326	34,911	(6,585)
Material and supplies	6,000	5,428	572
Traffic and other	1,400	1,736	(336)
Capital outlay	30,000	3,197	26,803
Total expenditures	<u>154,609</u>	<u>150,135</u>	<u>4,474</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,968	29,588	27,620
FUND BALANCES AT BEGINNING OF YEAR	42,892	105,694	62,802
FUND BALANCES AT END OF YEAR	<u>44,860</u>	<u>135,282</u>	<u>90,422</u>

The accompanying notes are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana

Notes to the Financial Statements
As of and for the Year Ended October 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Caddo Parish Fire District No. 2 was created by the Caddo Parish Commission, as authorized by Louisiana Revised Statute 40:1402. The district is governed by a five member board appointed by the commission. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (i) the primary government (commission), (ii) organizations for which the primary government is financially accountable, and (iii) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) 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 responsibility. 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, and:
 - a. The ability of the commission to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the commission.
2. Organizations for which the commission does not appoint a voting majority but are fiscally dependent on the commission.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the commission created the district and appoints a voting majority of the district's governing body, the district was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the commission, the general government services provided by that governmental unit, or the other governmental units that comprise the Caddo Parish financial reporting entity.

B. FUND ACCOUNTING

The district uses funds and account groups 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, when the focus of attention is on the providing of services to the public; as opposed to proprietary funds when the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental fund types. The governmental fund types of the district are described as follows:

General Fund

The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by an ad valorem tax and service charge approved by voters of the district, state fire insurance rebates, state revenue sharing, and interest earnings on investments.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Fixed assets are valued at actual historical costs. No depreciation has been provided on general fixed assets.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are 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 for 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 for reporting all governmental fund types. 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. The district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes, service charges, and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes and the service charges are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the

CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana
Notes to the Financial Statements (Continued)

tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. All valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Intergovernmental revenues such as fire insurance rebates are recorded when the district is entitled to the funds.

Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, ad valorem taxes, service charges, state revenue sharing, and other intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

A preliminary budget for the ensuing year is prepared by the board of commissioners in September and made available to the public. The budget is then adopted during the regular October meeting. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Federal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

CADDO PARISH FIRM DISTRICT NO. 2
Bossier, Louisiana
Notes to the Financial Statements (Continued)

F. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At October 31, 1997, the district has cash and cash equivalents (book balances) totaling \$143,347 as follows:

Demand deposits	853,674
Party Cash	30
Time deposits	<u>69,823</u>
Total	<u>\$143,347</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (book balances) at October 31, 1997, are secured as follows:

Bank balances	<u>\$144,512</u>
Federal deposit insurance	\$144,512
Pledged securities	<u>764,051</u>
Total	<u>\$144,512</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the district, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C36.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the firm district's name.

CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana
Notes to the Financial Statements (Continued)

G. TOTAL COLUMN ON COMBINED STATEMENTS

The total columns on the combined statements are captioned Memorandum Only (overview) 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. Interfund eliminations have not been made in the aggregation of this data.

2. LEVIED TAXES

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

	<u>Authorized</u> <u>Millage</u>	<u>Levied</u> <u>Millage</u>	<u>Expiration</u> <u>Date</u>
District taxes - general maintenance	10.00	10.00	2003

In November 1993, the voters of the district approved the levy of an annual service charge not to exceed 5% on each residential dwelling and commercial structure subject to taxation within the district for a period of ten years beginning with the year 1994 and ending with the year 2003. The proceeds of the service charge, less a 7.5 percent collection fee paid to the Caddo Parish Sheriff, are used to provide fire protection within the district.

3. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended October 31, 1997:

	<u>Balance at</u> <u>November 1,</u> <u>1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>October 31,</u> <u>1997</u>
Building	\$24,000			\$24,000
Fire fighting equipment	<u>532,467</u>	<u>\$5,152</u>		<u>\$537,619</u>
Total	<u>\$556,467</u>	<u>\$5,152</u>	<u>NONE</u>	<u>\$561,619</u>

General fixed assets as of November 1, 1996 have been restated to reflect change. The fire district reestablished its inventory listing of fixed assets based on actual physical count, reserving these items

CADDO PARESH FIRE DISTRICT NO. 2

Blanchard, Louisiana

Notes to the Financial Statements (Continued)

which had been junked in previous years and not removed from the listing and adding items which had been purchased in previous years and not added to the list.

4. PENSION PLAN

The district's three compensated employees are members of the Firefighters Retirement System (System), a cost-sharing, multi-employer defined pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1990, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 1.3 per cent of their final-average salary for each year of creditable service not to exceed 100 per cent of their final-average salary. Final-average salary is the employer's average salary for the 36 consecutive months or joined months which produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94895, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Caddo Parish Fire District No. 2 is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Caddo Parish Fire District No. 2 are established and may be amended by state statute. As provided by Louisiana Revised Statutes 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Caddo Parish Fire District No. 2's contributions to the System for the years ending October 31, 1997, 1996, and 1995, were \$5,833, \$5,241, and \$4,418, respectively, equal to the required contributions for each year.

CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana
Notes to the Financial Statements (Continued)

5. DESIGNATION OF FUND BALANCE

The district retired its general obligation bonds three years in advance leaving a balance of \$47,695 in the Debt Service Fund. The board has designated the balance to the purchase of an additional fire truck for the district.

6. LITIGATION AND CLAIMS

The district is not involved in any litigation as October 31, 1997, nor is it aware of any unasserted claims.

7. RESTATEMENT OF FUND BALANCES

The October 31, 1996 fund balance of the General Fund has been restated to include the October 31, 1996 fund balance of the Debt Service Fund. As stated in note 5, the fund balance has been designated for the purchase of a new fire truck. The following reconciles fund balances as previously reported to beginning fund balances as presented on Statement B and C:

	General Fund	Debt Service Fund
Fund Balances as previously reported	\$57,999	\$47,695
Designation of fund balance	<u>47,695</u>	<u>(47,695)</u>
Fund balances at November 1, 1996, restated	<u>\$105,694</u>	<u>NONE</u>

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations, and contracts and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance
With Laws, Regulations, and Contracts**

**BOARD OF COMMISSIONERS
CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana**

I have audited the general purpose financial statements of the Caddo Parish Fire District No. 2, a component unit of the Caddo Parish Commission, as of October 31, 1997, and for the year then ended, and have issued my report thereon dated February 16, 1998.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Caddo Parish Fire District No. 2, is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the district's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of commissioners and management of the Caddo Parish Fire District No. 2. This is not intended to limit the distribution of this report, which is a matter of public record.

West Monroe, Louisiana
February 16, 1998

VERNON R. COON
Certified Public Accountant

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ACCOUNTANTS

OFFICE LIMITED TO
GOVERNMENTAL,
ACCOUNTING, BUSINESS
AND FINANCIAL SERVICES

110 PROFESSIONAL CENTER
WEST MONROE,
LOUISIANA 70091
PHONE (504) 838-1110
FAX (504) 838-1100
FAC (504) 838-1100



**Independent Auditor's Report
on the Internal Control Structure**

**BOARD OF COMMISSIONERS
CALDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana**

I have audited the general purpose financial statements of the Caldo Parish Fire District No. 2, a component unit of the Caldo Parish Commission, as of October 31, 1997, and for the year then ended, and have issued my report thereon dated February 18, 1998.

I conducted my audit in accordance with generally accepted auditing standards, *Governance Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Caldo Parish Fire District No. 2 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

**VERNON COON
CHARTERED ACCOUNTANTS
PUBLIC ACCOUNTANTS**

**OFFICE OF LOUISIANA
GOVERNMENTAL AUDITING
AND FINANCIAL REPORTING**

**PROFESSIONAL OFFICE OF
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING**

**100 PROFESSIONAL CENTER
WEST MONROE,
LOUISIANA 70091
PHONE (504) 836-2121
TELE FAX (504) 836-2122
FAX (504) 836-1020**

BOARD OF COMMISSIONERS
CADDO PARISH FIRE DISTRICT NO. 2
Bossier, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.

In planning and performing my audit of the general purpose financial statements of the Caddo Parish Fire District No. 2 for the year ended October 31, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to 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 and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners and management of the Caddo Parish Fire District No. 2. This is not intended to limit the distribution of this report, which is a matter of public record.



Walt Monroe, Louisiana
February 16, 1998