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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, 1999

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 MAY 17 2000

VERNON R
COON
CERTIFIED PUBLIC ACCOUNTANT

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, 1999

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AND FINANCIAL REPORTING

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Independent Auditor's Report

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


I have audited the general purpose financial statements of Caddo Parish Fire District No. 2, a component unit of the Caddo Parish Commission, as of October 31, 1999, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Caddo 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 respects, the financial position of Caddo Parish Fire District No. 2 as of October 31, 1999, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

BOARD OF COMMISSIONERS
CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana
Independent Auditor's Report,
October 31, 1999

In accordance with *Government Auditing Standards*, I have also issued a report dated April 7, 2000, on Caddo Parish Fire District No. 2's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



West Monroe, Louisiana
April 7, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

Statement A

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

Combined Balance Sheet, October 31, 1999

	GOVERNMENTAL ...FUND TYPE.... GENERAL FUND	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$159,776		\$159,776
Land, buildings, and equipment		\$637,376	637,376
TOTAL ASSETS	<u>\$159,776</u>	<u>\$637,376</u>	<u>\$797,152</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$1,351		\$1,351
Payroll withholdings payable	1,083		1,083
Total Liabilities	<u>2,434</u>	<u>NONE</u>	<u>2,434</u>
Fund Equity:			
Investment in general fixed assets		\$637,376	637,376
Fund balance - unreserved - undesignated	157,342		157,342
Total Fund Equity	<u>157,342</u>	<u>637,376</u>	<u>794,718</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$159,776</u>	<u>\$637,376</u>	<u>\$797,152</u>

The accompanying notes are an integral part of this statement.

Statement B

CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, 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, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$79,681	\$89,179	\$9,498
Service charge	73,031	75,753	2,722
Intergovernmental revenue - state funds:			
State revenue sharing (net)	3,795	3,770	(25)
Fire insurance rebate	3,844	4,125	281
Use of money and property	5,601	5,466	(135)
Total revenues	<u>165,952</u>	<u>178,293</u>	<u>12,341</u>
EXPENDITURES			
Current - public safety:			
Personal services and related benefits	94,750	71,121	23,629
Operating services	45,734	36,843	8,891
Material and supplies	7,688	5,542	2,146
Travel and other	2,000	1,518	482
Capital outlay	29,000	3,720	25,280
Total expenditures	<u>179,172</u>	<u>118,744</u>	<u>60,428</u>
EXCESS (deficiency) OF REVENUES OVER EXPENDITURES	(13,220)	59,549	72,769
FUND BALANCES AT BEGINNING OF YEAR	<u>48,591</u>	<u>97,793</u>	<u>49,202</u>
FUND BALANCES AT END OF YEAR	<u>\$35,371</u>	<u>\$157,342</u>	<u>\$121,971</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, 1999

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 40:1492. 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 (a) the primary government (commission), (b) organizations for which the primary government is financially accountable, and (c) 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.

CADDO PARISH FIRE DISTRICT NO. 2

Blanchard, Louisiana

Notes to the Financial Statements (Continued)

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:

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

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. Ad 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.

Formal 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 FIRE DISTRICT NO. 2
 Blanchard, 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, 1999, the district has cash and cash equivalents (book balances) totaling \$159,776 as follows:

Demand deposits	\$124,409
Petty Cash	50
Time deposits	<u>35,317</u>
Total	<u>\$159,776</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 (bank balances) at October 31, 1999, are secured as follows:

Bank balances	<u>\$162,371</u>
Federal deposit insurance	\$135,314
Pledged securities	<u>147,370</u>
Total	<u>\$282,684</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 C20.106; 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 fire district's name.

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

G. RISK MANAGEMENT

The fire district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the fire district maintains commercial insurance policies covering property, general liability, employee dishonesty, and workers compensation insurance. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended October 31, 1999.

H. 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:

	Authorized Millage	Levied Millage	Expiration Date
District taxes - general maintenance	9.68	9.68	2003

In November 1993, the voters of the district approved the levy of an annual service charge not to exceed \$75 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.

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

3. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended October 31, 1999:

	Balance at November 1, 1998	Additions	Deletions	Balance at October 31, 1999
Building	\$24,000			\$24,000
Fire fighting equipment	609,656	\$3,720	NONE	613,376
Total	<u>\$633,656</u>	<u>\$3,720</u>	<u>NONE</u>	<u>\$637,376</u>

4. PENSION PLAN

The district's two 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, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3.3 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 employee'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 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the 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

CADDO PARISH FIRE DISTRICT NO. 2

Blanchard, Louisiana

Notes to the Financial Statements (Continued)

and the Caddo Parish Fire District No. 2 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Caddo Parish Fire District No. 2's contributions to the System for the years ending October 31, 1999, 1998, and 1997, were \$2,792, \$5,005, and \$5,883, respectively, equal to the required contributions for each year.

5. LITIGATION AND CLAIMS

The district is not involved in any litigation at October 31, 1999, nor is it aware of any unasserted claims.

**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.



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Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting

CADDO PARISH FIRE DISTRICT NO. 2 Blanchard, Louisiana

I have audited the general purpose financial statements of Caddo Parish Fire District No. 2 as of and for the year ended October 31, 1999 and have issued my report thereon dated April 7, 2000. I 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 General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Caddo Parish Fire District No. 2's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Caddo Parish Fire District No. 2's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 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 over financial reporting and its operation that I consider to be material weaknesses.

CADDO PARISH FIRE DISTRICT NO. 2

Blanchard, Louisiana

Independent Auditor's Report on Compliance

And Internal Control Over Financial Reporting, etc.

October 31, 1999

This report is intended solely for the information and use of Caddo Parish Fire District No. 2 and management of the fire district and is not intended to be and should not be used by anyone other than these specified parties.



West Monroe, Louisiana

April 7, 2000

CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended October 31, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Caddo Parish Fire District No. 2.
2. No instances of noncompliance material to the financial statements of Caddo Parish Fire District No. 2 were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Structure.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**CADDO PARISH FIRE DISTRICT NO. 2
Blanchard, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended October 31, 1999**

There were no audit findings reported in the audit for the year ended October 31, 1998.