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**FIRE DISTRICT NO. 6  
OF CADDO PARISH, LOUISIANA  
GENERAL PURPOSE FINANCIAL REPORT STATEMENTS  
DECEMBER 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-11-99

**FIRE DISTRICT NO. 6 OF CADDO PARISH, LOUISIANA  
DECEMBER 31, 1998**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

Board of Commissioners  
Fire District No. 6 of Caddo Parish, Louisiana  
Shreveport, Louisiana

We have audited the accompanying general purpose financial statements of Fire District No. 6 of Caddo Parish, Louisiana, component unit of the parish of Caddo, Louisiana as of and for the year ended December 31, 1998 as listed in the Table of Contents. These general purpose financial statements are the responsibility of Fire District No. 6 of Caddo Parish, Louisiana management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose component unit 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit general purpose financial statements referred to above present fairly, in all material respects, the financial position of Fire District No. 6 of Caddo Parish, Louisiana, as of December 31, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 1999, on our consideration of Fire District No. 6 of Caddo Parish, Louisiana's internal control over financial reporting and a report of our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in black ink that reads "Tom Agee, CPA". The signature is written in a cursive style and is located below the main body of the report.

Agee & Agee, P.C.  
Shreveport, Louisiana  
June 15, 1999

**FIRE DISTRICT NO. 6 OF CADDO PARISH, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**December 31, 1998**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>(MEMORANDUM ONLY)</u> <u>YEAR ENDED DECEMBER 31</u>	
			<u>1998</u>	<u>1997</u>
CASH AND CASH EQUIVALENTS (NOTES 1 & 3)	\$ 104,916		\$ 104,916	\$ 66,631
DEPOSIT - WORKERS COMPENSATION	2,500		2,500	2,500
TAXES AND FEES RECEIVABLE NET OF ALL ALLOWANCES FOR UNCOLLECTIBLES (NOTES 1 & 4)	282,845		282,845	276,951
DUE FROM OTHER GOVERNMENTAL UNITS (NOTES 1 & 5)	6,274		6,274	9,183
LAND AND BUILDINGS (NOTE 6)		\$ 238,193	238,193	238,193
EQUIPMENT (NOTE 6)		457,761	457,761	434,417
<b>TOTAL ASSETS</b>	<b>\$ 396,535</b>	<b>\$ 695,954</b>	<b>\$ 1,092,489</b>	<b>\$ 1,027,875</b>
 <u>LIABILITIES AND FUND EQUITY</u>  				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 5,301		\$ 5,301	\$ 6,488
<b>TOTAL LIABILITIES</b>	<b>\$ 5,301</b>	<b>\$ -</b>	<b>\$ 5,301</b>	<b>\$ 6,488</b>
 FUND EQUITY:				
INVESTMENT IN GENERAL FIXED ASSETS		\$ 695,954	\$ 695,954	\$ 672,610
 FUND BALANCES:				
RESERVED FOR OPERATIONS	\$ 278,900		278,900	272,600
UNDESIGNATED	112,334		112,334	76,177
<b>TOTAL FUND BALANCES</b>	<b>\$ 391,234</b>	<b>\$ -</b>	<b>\$ 391,234</b>	<b>\$ 348,777</b>
<b>TOTAL FUND EQUITY</b>	<b>\$ 391,234</b>	<b>\$ 695,954</b>	<b>\$ 1,087,188</b>	<b>\$ 1,021,387</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 396,535</b>	<b>\$ 695,954</b>	<b>\$ 1,092,489</b>	<b>\$ 1,027,875</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**FIRE DISTRICT NO. 6 OF CADDO PARISH, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**December 31, 1998**

REVENUES:	GENERAL FUND	
	1998	1997
TAXES AND FEES. (NOTES 2 & 4)	\$ 285,845	\$ 279,951
INTERGOVERNMENTAL:		
STATE REVENUE SHARING (NOTE 5)	9,411	9,183
FIRE INSURANCE TAX	10,653	10,356
INTEREST INCOME	10,900	7,626
DONATIONS	75	140
MISCELLANEOUS REVENUES	1,589	275
<b>TOTAL REVENUES</b>	<b>\$ 318,473</b>	<b>\$ 307,531</b>
EXPENDITURES:		
SALARIES	\$ 128,912	\$ 121,454
PAYROLL TAXES	4,530	3,567
FIREFIGHTERS RETIREMENT	9,452	9,420
UNIFORMS	1,726	1,980
INSURANCE OTHER	11,226	13,771
HEALTH INSURANCE	4,630	5,915
MEDICAL SUPPLIES	2,187	4,265
WORKERS COMPENSATION	15,743	18,540
UTILITIES	11,789	8,865
OFFICE SUPPLIES & EXPENSE	6,724	2,900
PROFESSIONAL FEES	12,331	13,848
TRUCK MAINTENANCE	14,992	9,367
GAS, OIL AND FUEL	2,408	4,176
ELECTION COST	-	-
MEDICAL COURSES AND TRAINING	3,499	5,733
REPAIRS AND MAINTENANCE - OTHER	16,202	10,248
PARISH PENSION & COLLECTION EXPENSE	15,926	15,290
BAD DEBT EXPENSE (NOTE 4)	(9,605)	8,542
CAPITAL OUTLAY	23,866	17,498
<b>TOTAL EXPENDITURES</b>	<b>\$ 276,538</b>	<b>\$ 275,379</b>
EXCESS OF REVENUES OVER EXPENDITURES	41,935	32,152
OTHER FINANCING SOURCES:		
SALE OF EQUIPMENT	522	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	\$ 42,457	\$ 32,152
<b>FUND BALANCES - BEGINNING</b>	<b>\$ 348,777</b>	<b>\$ 316,625</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 391,234</b>	<b>\$ 348,777</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**FIRE DISTRICT NO. 6 OF CADDO PARISH, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL GENERAL FUND**  
**December 31, 1998**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>			
TAXES (NOTES 2 & 4)	\$ 261,000	\$ 289,556	\$ 28,556
STATE REVENUE SHARING	9,500	12,320	\$ 2,820
FIRE INSURANCE TAX	10,000	10,653	\$ 653
INTEREST INCOME	8,000	10,900	\$ 2,900
MISCELLANEOUS REVENUES	-	1,663	\$ 1,663
<b>TOTAL REVENUES</b>	<b>\$ 288,500</b>	<b>\$ 325,092</b>	<b>\$ 36,592</b>
<b>EXPENDITURES:</b>			
<b>PUBLIC SAFETY-FIRE PROTECTION</b>			
SALARIES	\$ 129,000	\$ 128,909	\$ 91
PAYROLL TAXES	4,550	4,530	20
FIRE FIGHTER RETIREMENT	9,900	9,452	448
INSURANCE OTHER	12,000	11,226	774
UNIFORMS	1,700	1,686	14
MEDICAL SUPPLIES	2,200	2,172	28
HEALTH INSURANCE	5,000	5,039	(39)
UTILITIES	12,000	11,789	211
WORKERS COMPENSATION INSURANCE	15,500	15,743	(243)
PROFESSIONAL FEES	12,700	12,631	69
TRUCK MAINTENANCE	13,000	13,793	(793)
GAS, OIL AND FUEL	3,500	3,008	492
OFFICE SUPPLIES & EXPENSE	5,950	6,414	(464)
ELECTION COST	-	-	-
TRAINING	3,700	3,571	129
REPAIRS AND MAINTENANCE	15,900	16,260	(360)
PARISH PENSION AND COLLECTION	17,000	15,926	1,074
CAPITAL OUTLAY	23,900	23,867	33
<b>TOTAL EXPENDITURES</b>	<b>\$ 287,500</b>	<b>\$ 286,016</b>	<b>\$ 1,484</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,000</b>	<b>\$ 39,076</b>	<b>\$ 38,076</b>
<b>OTHER FINANCING SOURCES:</b>			
SALE OF EQUIPMENT	-	522	522
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES</b>	<b>\$ 1,000</b>	<b>\$ 39,598</b>	<b>\$ 38,598</b>
<b>FUND BALANCES - BEGINNING</b>	<b>\$ 348,777</b>	<b>\$ 348,777</b>	<b>\$ -</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 349,777</b>	<b>\$ 388,375</b>	<b>\$ 38,598</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

# FIRE DISTRICT NO. 6 OF CADDO PARISH, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### INTRODUCTION

Fire District No. 6 of Caddo Parish, Louisiana (the "District") was created by Resolution of the Caddo Parish Commission. The governing body of the District consists of a five member Board of Commissioners, appointed by the Caddo Parish Commission and is a component of the Parish of Caddo. Members serve two-year terms and do not receive compensation for their services. The District has five (5) full-time, four (4) part-time employees and a volunteer organization.

The District provides fire protection, emergency medical and hazardous material services for the people of the District. The twenty-four (24) hour manned stations are equipped with a Class A pumper, Class B pumper, emergency medical service truck and other miscellaneous vital equipment.

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Caddo Parish Fire District No. 6 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASP) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Caddo Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (Caddo Commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which of 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 Statement No. 14 established criteria for determining which component units should be considered part of the Caddo 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. These criteria include:

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 imposes 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 Caddo Parish Commission appoints the organization'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 Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### **C. 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the District are classified as governmental funds. Governmental funds account for the district'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 District include:

1. 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.
2. Debt Service Fund — accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group. This fund was closed in 1995 when all bonds were retired.
3. Capital Projects Fund — is used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financial, by another fund. This fund was closed in 1995 when all bonds were retired and remaining Bond Amortization expensed.

#### **General Fixed Assets and General Long-Term Debt:**

##### **General Fixed Assets Account Group:**

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes.

##### **General Long-Term Debt Account Group:**

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental fund types. This group was closed in 1995 when all bonds were retired.

##### **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, results of operations or cash flows 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.

#### **D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds.

The governmental funds use the following practices in recording revenues and expenditures:

##### Revenue Recognition:

*Ad valorem taxes and structure fees are attached as an enforceable lien on property as of January 1. Taxes and fees are levied by the District in September or October, are actually billed to the taxpayers in November and are actually due and payable on or before January 1 of the following year. The District's ad valorem tax and structure fee revenues are accrued and recognized when levied. In addition, the Louisiana State Revenue Sharing is accrued.*

##### Other Revenue:

Other revenues are not susceptible to accrual because generally they are not measurable until receive in cash.

##### Expenditures:

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund. The debt service fund and the capital fund were closed in 1995 when the bonds were paid off.

##### Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources.

#### **E. BUDGETS (Cash Basis)**

The budget for the General Fund is proposed and formally adopted by the Commissioners in the last quarter of the fiscal year following at least one budget planning session open to the public. The budget is prepared on the cash basis of accounting. Budgetary amendments

involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year-end, all appropriations lapse.

The budget comparison statement included in the accompanying financial statements includes the original adopted budget (cash basis) and all subsequent amendments, if any.

The following reconciles the excess of revenues over expenditures for the General Fund as shown in the combined statement of revenues, expenditures and changes in fund balances — all governmental fund types to the statement of revenues, expenditures and changes in fund balances — budget (cash basis) and actual.

Excess of Revenues over Expenditures - GAAP Basis	\$ 42,457
Adjustments	
Revenue Accruals - Beginnings	\$ 286,134
Expenditure Accruals - Beginning	\$ (1,636)
Revenue Accruals - Endings	\$ (289,119)
Expenditure Accruals - Ending	<u>\$ 1,762</u>
Excess of Revenues over Expenditures - Budgetary Basis	\$ 39,598

**F. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. The District considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

**G. INVENTORIES**

Inventories consist of expendable supplies held for consumption. Expenditures are recognized when the items are purchased. Inventories at year-end are equally offset by fund balance reserves.

**H. PREPAID ITEMS**

Annual prepaid insurance is expensed at the time purchased. The difference between new and changing policies is considered immaterial on an annualized basis.

**I. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during a construction is immaterial and is not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, or estimated cost if historical cost is not available.

**J. COMPENSATED ABSENCES**

After one year of service, firemen earn 18 to 28 days of annual leave each year, depending on their length of service. Annual leave must be taken in the year earned. Unused annual leave cannot be accumulated. Upon termination, employees are paid for any earned but unused annual leave.

Each full-time employee is entitled to full pay during sickness or culpable indiscretion, for a period of not less than 52 weeks, during any calendar year.

At December 31, 1998, employee leave benefits requiring recognition in accordance with GASB Codification Section C60 were determined to be immaterial and not included within accompanying financial statements. The cost of leave privileges, computed in accordance with the above codification, is recognized as current-year expenditure within the General Fund when leave is actually taken.

**K. BAD DEBTS**

Uncollectible amounts due for ad valorem taxes and structure fees are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the estimated uncollectible amounts.

**L. FUND EQUITY**

Reserves

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

Designated fund balances represent tentative plans for future use of financial resources.

**M. TOTAL COLUMNS ON STATEMENTS**

The total columns on the 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.

**NOTE 2. AD VALOREM TAXES AND STRUCTURE FEES**

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

	1998 Millage & Fees	
	<u>Authorized</u>	<u>Levied</u>
Maintenance and Operation Tax	\$10.00	\$ 9.08
Structure Fees	\$75.00	\$75.00

The differences between authorized and levied millages are the result of reassessment of the taxable property required by Article 7 Section 23 of the Louisiana Constitution of 1974.

**NOTE 3. CASH AND CASH EQUIVALENTS**

At December 31, 1998, the District has cash and cash equivalents totaling \$104,916 as follows:

Interest Bearing	\$ 104,916
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These deposits are stated at cost, which approximates market. Under state law, these 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.

**NOTE 4. RECEIVABLES**

Total taxes and fees levied were \$287,888. Taxes and fees receivable at December 31, 1998, consisted of the following:

Taxes Receivable	Total	General Fund	
		Millage	Structure Fee
Current Roll	\$287,888	\$102,188	\$185,700
Less Funds Received	2,043	826	1,217
Sub-Total	285,845	101,362	184,483
Less: Parish Pension Fund Cost and Collection Fees	21,927	8,000	13,927
Sub-Total	263,918	93,362	170,556
Less: Allowance for Uncollectible Taxes	3,000	1,000	2,000
Net Taxes Receivable	\$260,918	\$ 92,362	\$168,556

The General Fund Budgeted Expenditures of \$278,900 have been designated for the subsequent year's expenditures. There are delinquent Structure Fees and Millage Taxes as of December 31, 1998 that are being assessed as to their collectibility.

The Board of Commissioners for Caddo Parish Fire District No. 6 and the Sheriff's department resolved, that the Sheriff of Caddo Parish, Louisiana, be and he hereby is requested to take all legal means at his disposal to collect all unpaid Structure Fees levied by the District, exactly as with other taxes levied by the District for debt service and operations and maintenance, whether or not the property is presently owned by the same person who owned the property at the time the Structure Fee was levied, and remit the amounts collected promptly to the District. Net recovery of \$9,605 for the General Fund was effected during the year 1998.

**NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS**

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

State Revenue Sharing, and two payments for 1997: \$ 6,274

**NOTE 6. CHANGES IN GENERAL FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance Dec 31, 1996	Deletions	Additions	Balance Dec 31, 1997
Equipment	\$ 434,417	\$ 522	\$ 23,866	\$ 457,761
Building and Land	238,193	0	0	238,193
<b>Totals</b>	<b>\$ 672,610</b>	<b>\$ 522</b>	<b>\$ 23,866</b>	<b>\$ 695,954</b>

## **NOTE 7. LOUISIANA FIREFIGHTERS RETIREMENT SYSTEM PENSION NOTE**

*Plan Description.* Substantially all employees of Fire District No. 6 of Caddo Parish, Louisiana are members of the Louisiana Firefighters Retirement System, a cost sharing, multiple-employer defined benefit 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 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 three and one-third 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 over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and 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.

*Funding Policy.* Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Fire Protection District No. 6 of Caddo Parish 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 Fire Protection District No. 6 of Caddo Parish 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. The Fire Protection District No. 6 of Caddo Parish's contributions to the System for the years ending December 31, 1998, 1997, 1996, were \$9,900, \$9,808, and \$9,059, respectively, equal to the required contributions for each year.

## **NOTE 8. LITIGATION AND CLAIMS**

None

## **NOTE 9. SUBSEQUENT EVENT**

On March 18, 1999 the Board of Commissioners of Caddo Parish Fire District No. 6 of Caddo Parish, Louisiana approved a resolution calling for a special election to be held no later than November 20, 1999. The purpose of the election is for the approval of bonded indebtedness in the amount of \$800,000.

The funds obtained would be used to acquire or build a new fire station, purchasing fire trucks, fire protection equipment and paying the cost of obtaining water for fire protection purposes including fire hydrant rentals and services.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Fire District No. 6 of Caddo Parish, Louisiana  
Shreveport, Louisiana

We have audited the general purpose financial statements of Fire District No. 6 of Caddo Parish, Louisiana, a component unit of the Parish of Caddo, Louisiana as of and for the year ended December 31, 1998, and have issued our report thereon dated June 15, 1999. We conducted our 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 Fire District No. 6 of Caddo Parish, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fire District No. 6 of Caddo Parish, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Fire District No. 6 of Caddo Parish, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying Management Letter as Suggestion 1998-1 and Suggestion 1998-2.

Board of Commissioners  
Fire District No. 6 of Caddo Parish, Louisiana  
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A material weakness is a condition in which the design or operation on 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all matters in internal control that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Commissions, management, others within the organization, Caddo Parish Commissioners, and the Louisiana Legislative Auditor.



Agee & Agee, P.C.  
Shreveport, Louisiana  
June 15, 1999



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**MANAGEMENT LETTER**

Board of Commissioners  
Fire District No. 6 of Caddo Parish, Louisiana  
Shreveport, Louisiana

In planning and performing our audit of the financial statements of Fire District No. 6 of Caddo Parish, Louisiana for the year ended December 31, 1998, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, misstatements due to error or fraud may occur and not be detected by such controls.

**SUGGESTION 1998-1  
INTERNAL CONTROL WEAKNESS – COURTESY CARD**

**CONDITION:** A specific charge account was set up at a vendor for the purchase of routine items. In addition the vendor issued a free courtesy card with a separate account number to the principal user. Items purchased on the courtesy card can not be charged to the district and must be paid by personal cash, check or credit card. A summary report for the company's use contains all items purchased under the master card. It includes purchases made by any courtesy cards, which are not billed for, or paid by the district. A casual reviewer could not know which items either card purchased. A detailed review disclosed one item for \$29 was of a personal purchase and was paid for by the fire district.

**REASON IMPROVEMENT NEEDED:** To insure items purchased on the account are for the Fire District and assure continued confidence in financial responsibility.

**CAUSE OF CONDITION:** The vendor has a complex marketing program utilized by thousands of companies and government entities. The possible ramifications of the program selections and how some reports could appear, made the utilization of a courtesy card inappropriate.

**EFFECT OF CONDITION:** Items purchased for the Fire District, billed to the district, and paid for by the district appear on the same report as items purchased with the courtesy card. If this report is viewed by itself it can give the impression that personal items purchased by the courtesy card were purchased by the fire district.

**RECOMMENDATION:** Eliminate the courtesy cards and limit cards to the Fire Chief and Captains. Require original sales slips to be attached to the vendor monthly invoices to assure specific responsible parties utilize the cards.

**COSTS AND BENEFITS OF RECOMMENDED ACTION:** The cost to implement the recommendation is nominal. The benefits are to assure continued financial responsibility and public confidence.

**CLIENT RESPONSE:** The Board of Commissioners passed a policy eliminating the use and/or acceptance of courtesy cards, limit use of cards to the chief and captains and require original sales slips to be attached to monthly statements to assure specific responsible parties utilizing cards.

#### **SUGGESTION 1998-2 INTERNAL CONTROL WEAKNESS - DESTRUCTION OF FILES**

**CONDITION:** An authorized "clean up" of old records resulted in the inadvertent destruction of some detail invoices that back up monthly statements of several vendors. Duplicate itemization was obtained from the vendor for every item purchased except one, which is believed to have been key punched in error.

**REASON IMPROVEMENT NEEDED:** To insure that required documentation for personnel records and expenditures are maintained and assure confidence in financial responsibility.

**CAUSE OF CONDITION:** several factors including changing duties and responsibilities for assembly, transmitting and paying bills, invoices and monthly statements with, and the purchase of shredder along with a general clean up of the administration office contributed to the situation.

**EFFECT OF CONDITION:** The destruction of critical records used to support expenditures created a loss of confidence in financial responsibility and required efforts to be diverted from other duties to obtain copies of missing data.

**RECOMMENDATION:** Require the Chief's specific approval before records can be destroyed and require accounting documents to be reviewable at the time checks are signed and then returned to the accounting records.

**COSTS AND BENEFITS OF RECOMMENDED ACTION:** The cost to implement the recommendation is nominal. The benefits are to assure financial responsibility and public confidence.

Board of Commissioners  
Fire District No. 6 of Caddo Parish, Louisiana  
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**CLIENT RESPONSE:** The Board of Commissioners passed the procedure requiring the specific approval of the Chief before records can be destroyed. All require accounting documents to reviewable at the time checks are signed by Commissioners and returned to the accounting records. In addition all checks and supporting accounting documents are available for each board member or taxpayer to review at the regular scheduled monthly meeting.

This report is intended solely for the information and use of the Board of Commissioners, management, and others within the organization, Caddo Parish Commission, and Louisiana Legislative Auditor.

*Tom Agee, CPA*

Agee & Agee, P.C.  
Shreveport, Louisiana  
June 15, 1999