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**FIRE DISTRICT NO. 5
OF CADDO PARISH, LOUISIANA
GENERAL PURPOSE FINANCIAL REPORT STATEMENTS
DECEMBER 31, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 JUL 24 2007

**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. 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

We have audited the accompanying component unit financial statements of Fire District No. 5 of Caddo Parish, Louisiana, a component unit of Parish of Caddo, as of and for the year ended December 31, 1995. These financial statements are the responsibility of the management of Fire District No. 5 of Caddo Parish, Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the Governmental 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 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Fire District No. 5 of Caddo Parish, Louisiana, as of December 31, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Agee & Agee, P.C.
Shreveport, Louisiana


10/27/95, 1995

EXHIBIT A
PAGE 1

FIRE DISTRICT NUMBER 5 OF CADDO PARISH, LOUISIANA
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1995

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES	
	GENERAL	DEBT SERVICE
CASH AND CASH EQUIVALENTS (NOTES 1 AND 3)	\$185,181	\$34,850
TRADES AND FEES RECEIVABLE NET OF ALLOWANCES FOR UNCOLLECTIBLES(NOTES 1 AND 4)	150,000	41,700
DUE FROM OTHER GOVERNMENTAL UNITS	4,400	0
REVENUES FROM LITIGATION (NOTE 6)		28,050
RECEIVABLE FROM GENERAL FUND	0	
GENERAL FIXED ASSETS (NOTE 1 AND 5)		
OTHER ASSETS	1,679	0
OTHER DEBITS:		
AMOUNT AVAILABLE IN DEBT SERVICE FUND(NOTE 7)		
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT		
TOTAL ASSETS AND OTHER DEBITS	\$382,188	\$104,450
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
ACCOUNTS PAYABLE	\$2,504	90
PAYABLE TO DEBT SERVICE FUND	20,850	0
BONDS PAYABLE (NOTE 7)		
TOTAL LIABILITIES	\$23,354	90
EQUITY AND OTHER CREDITS:		
INVESTMENT IN GENERAL FIXED ASSETS		
FUND BALANCES:		
DESIGNATED FOR SUBSEQUENT YEARS EXPENDITURES(NOTE 4)	\$125,800	\$104,450
UNRESERVED AND UNDESIGNATED	155,263	90
TOTAL EQUITY AND OTHER CREDIT	\$281,063	\$104,450
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$282,286	\$104,450

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EXHIBIT A
PAGE 2

GENERAL FIXED ASSETS	ACCOUNT GROUPS GENERAL LONG TERM DEBT	TOTALS	
		(MEMBERSHIP DAILY)	
		December 31 1995	December 31 1996
		\$209,644	\$187,622
		237,594	216,256
		4,480	7,680
		0	90,800
\$241,852		241,852	244,970
		1,879	1,879
	\$104,478	104,478	116,700
	90,538	90,538	113,300
\$241,852	\$195,000	\$1,423,468	\$1,426,216
		42,524	58
		28,059	8
	\$195,000	170,000	\$238,000
\$8	\$195,000	\$215,543	\$238,000
\$241,852		241,852	244,970
		383,270	345,667
		152,253	187,870
\$241,852	0	\$1,182,685	\$1,198,215
\$241,852	\$195,000	\$1,423,468	\$1,426,216

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

FISC DISTRICT NUMBER 5 OF CALDO PARISH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1996

	GENERAL FUND	DEBT SERVICE
REVENUES:		
TAXES AND FEES	\$186,556	\$42,212
INTERGOVERNMENTAL	9,907	
REVENUES FROM LITIGATION (PROF B)	0	0
INTEREST AND MISCELLANEOUS	12,231	1,766
TOTAL REVENUES	\$208,694	\$43,978
EXPENDITURES:		
CURRENT:		
PUBLIC SAFETY:		
MAINTENANCE AND REPAIRS	\$15,907	
OFFICE SUPPLIES	2,644	
UTILITIES AND TELEPHONE	7,150	
INSURANCE AND BOND	25,134	
LEGAL AND ACCOUNTING	8,032	
FUEL	4,086	
MEDICAL SUPPLIES	1,745	
FIREFIGHTING SUPPLIES	6,704	
SALARIES AND BENEFITS	101,938	
TRAINING	8,618	
PRISON COST	4,451	\$1,853
SHERIFF COLLECTION FEE	4,245	
OTHER	3,809	443
CAPITAL OUTLAY	4,682	
DEBT SERVICE:		
PRINCIPAL RETIREMENT		35,000
INTEREST		19,100
TOTAL EXPENDITURES	\$202,696	\$55,212
EXCESS OF REVENUE OVER/ UNDER EXPENDITURES	65,998	(11,234)
FUND BALANCES-BEGINNING	336,535	116,710
FUND BALANCES-ENDING	\$402,533	\$104,476

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

(MEMORANDUM ONLY)

TOTALS	
December 31 1996	December 31 1995
\$737,768	\$732,889
8,007	13,239
0	98,000
13,991	14,829
<u>\$760,666</u>	<u>\$759,869</u>
\$25,827	\$17,870
2,444	2,940
7,750	6,466
25,734	31,374
9,832	11,052
4,886	2,874
1,745	2,829
6,704	6,741
101,930	111,813
9,818	0
6,314	6,341
4,246	0
4,350	34,957
4,860	92,108
36,000	36,000
19,108	22,186
<u>\$258,671</u>	<u>\$268,594</u>
2,788	(38,120)
453,245	481,373
<u>\$456,033</u>	<u>\$443,253</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EXHIBIT C

FIRE DISTRICT NUMBER 5 OF CADDO PARISH, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
 BUDGET (NON-GAAP BASIS) AND ACTUAL GENERAL FUND
 YEAR ENDED DECEMBER 31, 1998

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TARES (NOTE 2)	\$168,000	\$168,004	\$04
STATE REVENUE SHARING	8,288	8,310	(14)
INTEREST AND MISCELLANEOUS	17,000	17,600	600
REVENUES FROM LITIGATION	\$74,000	\$74,800	800
TOTAL REVENUES	\$267,288	\$268,714	\$426
EXPENDITURES:			
PUBLIC SAFETY-FIRE PROTECTION			
MAINTENANCE AND REPAIRS	\$17,400	\$18,807	\$1,407
OFFICE SUPPLIES	2,900	2,844	56
UTILITIES AND TELEPHONE	8,400	7,750	660
INSURANCE	28,800	28,734	66
LEGAL AND ACCOUNTING	9,350	9,032	318
FUEL	4,800	4,000	(800)
MEDICAL SUPPLIES	2,800	1,745	1,055
FIREFIGHTER SUPPLIES	6,500	6,704	(204)
SALARIES AND BENEFITS	185,370	181,930	3,440
PENSION COST	4,500	4,480	20
CAPITAL OUTLAY	5,800	4,882	918
TRAINING	9,500	9,518	(18)
SHERIFF COLLECTION EXPENSE	4,500	4,246	254
OTHER	5,500	3,919	1,581
TOTAL EXPENDITURES	\$210,570	\$202,688	\$7,882
EXCESS REVENUES OVER EXPENDITURES	\$56,718	\$66,026	\$9,308
FUND BALANCES-BEGINNING	\$216,576	\$218,576	-----
FUND BALANCES-ENDING	\$273,294	\$284,602	\$11,308

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

FIRE DISTRICT NO. 5 OF CADDO PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

Fire District No. 5 of Caddo Parish, Louisiana (the "District") was created by Ordinance No. 2143 adopted by the Caddo Parish Commission on April 25, 1984. The governing body of the District consists of a five member Board of Commissioners, appointed by the Caddo Parish Commission and to a commissioner the Parish of Caddo. Members serve two year terms and do not receive compensation for their services. The District has four (4) paid 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 station is equipped with a Class A pumper, Class B pumper, emergency medical service truck and other miscellaneous vital equipment. Two unmanned stations are equipped with a Class B pumper/truck.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Caddo Parish Fire District No. 5 have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

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 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 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 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 governmental 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.
3. Capital Projects Fund – This fund was closed in February 2006 and the cash balance of \$4,864 was applied to the cost of a rescue vehicle. The remaining asset of amortized bond cost was transferred to the General Fund and 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.

Total Columns on Combined Statements

Total columns on the combined statements are captioned "noncomparable 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 revenue and expenditures:

Revenue Recognition:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes 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 revenues are accrued and recognized when levied.

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.

Other Financing Sources (Uses):

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

E. BUDGETS

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 anticipated 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	\$ 15,028
Adjustments:	
Revenue Accruals — Beginning	246,733
Expenditure Accruals Beginning	<2,524>
Revenue Accruals — Ending	<185,204>
Excess of Revenues over Expenditures — Budgetary Basis	\$ 63,033

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 15 to 25 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 G80 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 a current-year expenditure within the General Fund when leave is actually taken.

K. LONG-TERM OBLIGATION

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

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

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.

2. AD VALOREM TAXES AND STRUCTURE FEES

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

	1995 Millage & Fees	
	Authorized	Levied
Maintenance and Operation Tax	10.00	10.00
Structure Fees	\$75.00	\$75.00
Bond Tax	Variable	1.50

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.

3. CASH AND CASH EQUIVALENTS

At December 31, 1995, the District has cash and cash equivalents totaling \$185,181 as follows:

Demand Deposits	\$	1,032
Time Deposit (CD)		53,184
Money Market Accounts		150,885
Posty-Cash		190
Total	\$	185,181

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.

4. RECEIVABLES

Total taxes and fees levied were \$237,758. Taxes and fees receivable at December 31, 1995, consisted of the following:

Taxes Receivable	Total	General Fund		Debt Service Fund
		Millage	Structure Fee	
Current Roll	\$ 237,768	\$ 128,593	\$ 65,000	\$ 42,212
Less: Parish Pension Fund Cost and Collection Fees	9,923	3,795	4,568	1,297
Sub-Total	227,795	124,798	61,000	40,915
Less: Allowance for Uncollectible Taxes	5,185	1,426	3,200	499
Net Taxes Receivable	\$ 222,590	\$ 123,335	\$ 57,758	\$ 39,916

The General Fund Budgeted Expenditures of \$105,000 have been designated for the subsequent years expenditures. There are approximately \$9,750 of delinquent Structure Fees as of December 31, 1996.

The delinquent Parcel Fees for 1995 (\$9,750) were not included in the annual tax sale and remain uncollected. The Board of Commissioners for Caddo Parish Fire District No. 5 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 Parcel 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 Parcel Fee was levied, and remit the amounts collected promptly to the District.

5. CHANGES IN GENERAL FIXED ASSETS

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

	Balance December 31, 1995	Additions	Deletions	Balance December 31, 1996
Vehicles	\$ 375,818	0	\$ 8,000	\$ 367,818
Equipment	138,450	4,882	0	143,332
Building and Land	232,893	0	0	232,893
Totals	\$ 747,161	\$ 4,882	\$ 8,000	\$ 744,043

6. LOUISIANA FIREFIGHTERS RETIREMENT SYSTEM PENSION NOTE

Plan Description: Substantially all employees of Fire District No. 5 of Caddo Parish, Louisiana are members of the Louisiana Firefighters Retirement System (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, 1985, 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 35 consecutive or joint 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 94295, Baton Rouge, Louisiana 70894, or by calling (225) 925-4282.

Funding Policy: Plan members are required by state statute to contribute 9.0 percent of their annual covered salary and the Fire Protection District No. 5 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. 5 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. 5 of Caddo Parish's contributions to the System for the years ending December 31, 1998, 1999, 2000, were \$7,429, \$7,951, and \$8,795, respectively, equal to the required contributions for each year.

7. CHANGES IN LONG-TERM DEBT

Long-term debt consists of public improvement bonds in the original amount of \$400,000, secured by a pledge of ad valorem tax proceeds. The note provides for one annual principal payment, in full, on the anniversary date and semi-annual interest payments.

The following is a summary of bond transactions of the District for the year ended December 31, 1999.

Bonds payable at December 31, 1995	\$230,000
Bonds retired	35,000
Bonds payable at December 31, 1999	\$195,000

The annual requirements to amortize bonded debt as of December 31, 1999, including interest payments are as follows:

Year Ending December 31	Total Principal and Interest Due	Principal Due	Interest Due
1997	\$ 55,750	\$ 40,000	\$ 15,750
1998	55,025	45,000	10,025
1999	57,650	50,000	7,650
2000	62,700	60,000	2,700
	\$ 233,025	\$ 195,000	\$ 38,025

8. LITIGATION AND CLAIMS

None



AGEE & AGEE, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Fire District No. 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

We have audited the financial statements of Fire District No. 5 of Caddo Parish, Louisiana, a component unit of Parish of Caddo, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 23, 1997.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Fire District No. 5 of Caddo Parish, Louisiana is the responsibility of the management of Fire District No. 5 of Caddo Parish, Louisiana. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Fire District No. 5 of Caddo Parish, Louisiana, complied, in all material respects, with the provisions referred to in the preceding paragraph.

With respect to items not tested, nothing came to our attention that caused us to believe that Fire District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Commissioners. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Agee & Agee, P.C.
Shreveport, Louisiana

Agnes M. Agee, P.C.
April 23, 1997

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Fire District No. 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

We have audited the financial statements of Fire District No. 5 of Caddo Parish, Louisiana, a component unit of Parish of Caddo, as of the year ended December 31, 1996, and have issued our report thereon dated April 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Fire District No. 5 of Caddo Parish, Louisiana 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 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.

In planning and performing our audit of the general purpose financial statements of Fire District No. 5 of Caddo Parish, Louisiana, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in

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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 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 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

Ague & Ague, P.C.
Shreveport, Louisiana



April 23, 1997