

Pay and Pay Again

Caddo Panel Wants Voters to Cover Misspending with New Fee

Posted on Oct. 9, 2009

By Steve Beatty

The Pelican Institute for Public Policy

A small taxing district in Caddo Parish has so poorly managed taxpayer money from a bond issue that it is asking voters to approve a new fee to pay off the debt – even though they’ve already paid more than enough to cover the original loan.

The Board of Commissioners for Caddo Parish Fire District No. 6 south of Shreveport has admitted to breaking state law in its handling of a \$800,000 bond issue from 1999, using some of the money for different purposes. But if voters don’t approve the new \$150 fee on the Oct. 17 ballot, they may be forced to cut services, they wrote in response to an advisory audit issued in April by the state Legislative Auditor.

That audit recommended that the district return the excess taxes to the property owners, but the board said they simply don’t have the money. Curiously, they told the auditors they’d have to raise taxes to get the money to repay the taxpayers.

Besides, the people who paid taxes 10 years ago aren’t necessarily the ones still living there, so any rebate of taxes wouldn’t be going to the people who overpaid them, the board reasoned. “Such suggested restitutions, if possible, would fail to contribute to the common good of the people,” board members concluded in their response.

The roughly 2,800 property owners in the district would get back about \$125 each if excess were returned.

Board Chairman James Couvillion did not return a phone call seeking comment.

The Caddo Parish Commission appoints the board, but it is an independent state body with its own taxing authority. When voters approved the bond issue in November 1999, the board began levying a property tax to collect for payments on the loan.

That audit laid out how the bond issue, plus interest, was set to cost taxpayers \$934,000 over the 10 year life of the loan. After only seven years, they’d already collected more than enough to cover that: \$984,000, according to the audit. To date, they’ve collected just short of \$1.3 million, but they only have \$102,000 in the bank.

They still owe \$210,000 on the loan, which is due this year.

That’s because fire officials used the excess on maintenance and operations, rather than saving taxpayers money by paying off the loan early. That’s a violation of state law, which says bond money can only be used for things approved by the voters.

“The Board of Commissioners acknowledges the violation of the State Law,” reads their response, included in the audit.

How could things have gone so badly?

“The District has experienced a very large turnover of board members even prior to the year of bond sales in 2000,” the board explained. “The result of this large turnover is a lack of knowledge, lack of interest and failure to take responsibility for implementing good management guidelines. The boards over this time period have had little input and have exhibited a lack of desire to participate in the financial decision process.”

The response was signed Couvillion and two other board members. They pledged to exercise more financial control over the district, including regular reports to the legislative auditor.

But the director of advisory audits, Joy Irwin, said she hasn’t heard a thing since issuing the report April 29. She wasn’t aware that they’d placed the fee on the ballot.

In explaining the improper use of the excess tax revenue, the board said in the audit that the fire district didn’t have enough money to maintain and run the department. But Irwin said that illegal borrowing from the bond issue wasn’t the only option.

“It’s not rocket science,” she said. “You either raise your revenues or cut your expenses.”

She said her office initiated the audit after the board’s independent auditors submitted to the state three consecutive annual reports that pointed out the problem. Each year, the board promised to pay back the account for the bond issue, but it never followed through.

Irwin said her office has no enforcement powers, but relies on public officials to take proper steps once they’re audited by the state.

Steve Beatty can be reached at sbeatty@pelicaninstitute.org