

Caddo Parish Fire District Number Three
Greenwood, Louisiana

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS B. MOREHART, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5411

RAYBURN G. COOK (RETI.)

VICKIE D. NOBLE, CPA
A. EDWARD BALL, CPA
CHERYL H. MANGRUM, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Commissioners
Caddo Parish Fire District Number Three

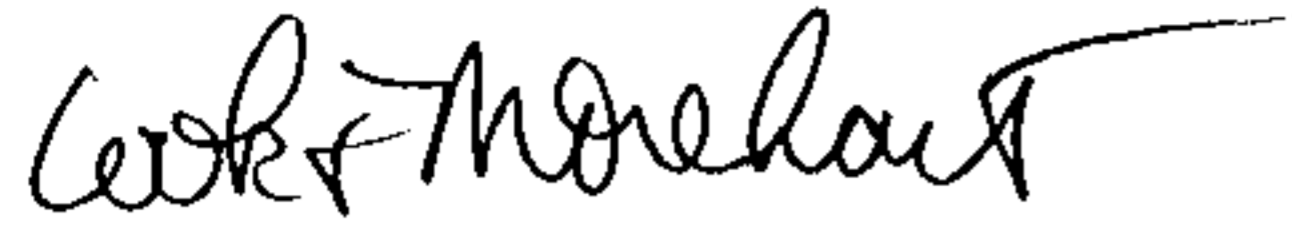
We have audited the accompanying general purpose financial statements of the Caddo Parish Fire District Number Three (the District), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Caddo Parish Fire District Number Three's 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 *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 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Parish Fire District Number Three, as of December 31, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 16 is not a required part of the general purpose financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted of principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 1999 on our consideration of Caddo Parish Fire District Number Three's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Cook & Morehart
Certified Public Accountants
May 27, 1999

Caddo Parish Fire District Number Three
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1998

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Debt Service	General Fixed Assets	General Long-Term Debt	
Assets and Other Debits					
Cash	\$ 174,195	\$	\$	\$	\$ 174,195
Receivables:					
Ad valorem taxes	463,785	54,863			518,648
Service charges	149,804				149,804
State revenue sharing	5,717				5,717
Other	56				56
Due from other fund		51,800			51,800
Land, buildings and equipment			1,686,743		1,686,743
Amount available in debt service funds				106,663	106,663
Amount to be provided for retirement of general long-term debt				43,337	43,337
Total assets	\$ 793,557	\$ 106,663	\$ 1,686,743	\$ 150,000	\$ 2,736,963
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 4,044	\$	\$	\$	\$ 4,044
Due to other fund	51,800				51,800
Bonds payable				150,000	150,000
Total liabilities	55,844			150,000	205,844
Fund equity:					
Investment in general fixed assets			1,686,743		1,686,743
Fund balances -					
Reserved for debt service		106,663			106,663
Unreserved, designated	737,713				737,713
Total fund equity	737,713	106,663	1,686,743		2,531,119
Total liabilities and fund equity	\$ 793,557	\$ 106,663	\$ 1,686,743	\$ 150,000	\$ 2,736,963

The accompanying notes are an integral part of this statement.

Caddo Parish Fire District Number Three
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 1998

	General	Debt Service	Total (Memorandum Only)
Revenues:			
Ad valorem taxes	\$ 464,793	\$ 49,572	\$ 514,365
Service charges	150,311		150,311
Transport	108,147		108,147
Intergovernmental revenue:			
State revenue sharing	11,434		11,434
Fire insurance rebate	13,288		13,288
Interest income	20,171	2,198	22,369
Miscellaneous income	16,341		16,341
Total revenues	784,485	51,770	836,255
Expenditures:			
Current - Public safety			
Salaries and related benefits	478,370		478,370
Legal and accounting	5,154		5,154
Insurance	73,113		73,113
Office expense	6,704		6,704
Repairs and maintenance	42,969		42,969
Utilities	22,257		22,257
Miscellaneous and other	31,732		31,732
Capital outlay	111,323		111,323
Debt service:			
Principal retirement		45,000	45,000
Interest and fiscal charges		13,215	13,215
Paying agent fee		358	358
Total expenditures	771,622	58,573	830,195
Excess of revenues over (under) expenditures	12,863	(6,803)	6,060
Fund balances at beginning of year	724,850	113,466	838,316
Fund balances at end of year	\$ 737,713	\$ 106,663	\$ 844,376

The accompanying notes are an integral part of this statement.

Caddo Parish Fire District Number Three
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Cash Basis) and Actual
All Governmental Fund Types
For the Year Ended December 31, 1998

	General Fund		Debt Service Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Ad valorem taxes	\$ 486,750	\$ 476,740	\$ 50,470	\$ 50,753	283
Service charges	148,000	147,120			(880)
Transport	60,000	108,147			48,147
Intergovernmental revenue:					
State revenue sharing	12,000	16,965			4,965
Fire insurance rebate	13,000	13,283			283
Interest income	21,000	20,171	3,000	2,199	(801)
Miscellaneous income		16,341			16,341
Total revenues	<u>740,750</u>	<u>798,767</u>	<u>53,470</u>	<u>52,952</u>	<u>(518)</u>

Expenditures:					
Current - Public safety					
Salaries	482,132	478,370			3,762
Legal and accounting	8,500	8,154			346
Insurance	88,000	72,501			15,499
Office expense	5,500	6,698			(1,198)
Repairs and maintenance	43,400	40,970			2,430
Utilities	18,900	22,499			(3,599)
Miscellaneous and other	36,300	31,562			4,738
Capital outlay	100,663	111,323			(10,660)
Debt service:					
Principal retirement			45,000	45,000	
Interest and fiscal charges			13,215	13,215	
Paying agent fee			500	358	142
Total expenditures	<u>783,395</u>	<u>772,077</u>	<u>58,715</u>	<u>58,573</u>	<u>142</u>
Excess of revenues over (under) expenditures	(42,645)	26,690	(5,245)	(5,621)	(376)
Fund balances at beginning of year	100,000	95,705	49,430	57,421	7,991
Fund balances at end of year	\$ 57,355	\$ 122,395	\$ 44,185	\$ 51,800	\$ 7,615

The accompanying notes are an integral part of this statement.

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998

(1) *Summary of Significant Accounting Policies*

The Caddo Parish Fire District Number Three was created by resolution of the Caddo Parish Commission on April 11, 1994, to purchase and maintain fire equipment and to provide fire protection for the people of Caddo Parish Fire District Number Three. The District is governed by a board of commissioners consisting of 5 members: 2 members are appointed by the Caddo Parish Commission; 2 members are appointed by the Mayor and Board of Aldermen of Greenwood; and one member, who is the chairman, is appointed by the other 4 board members. Members serve two year terms and receive no compensation for their services.

A. *Basis of Presentation*

The accompanying financial statements of the Caddo Parish Fire District Number Three (the District) 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*

Because the Caddo Parish Commission appoints two members of the governing board and because the District operates within the geographical boundaries of Caddo Parish, The District was determined to be a component unit of the Caddo Parish Commission, the governing body of the parish and the *governmental body with oversight responsibility*. This report includes only funds and account groups which are maintained by the District and does not present information on the Caddo Parish Commission, the general government service provided by that governmental unit, or the other governmental units that comprise the Commission.

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.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998
(Continued)

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 funds are used to account for the general operating funds of the District and account for all financial resources, except those required to be accounted for by other funds.
2. **Debt Service Fund** – the debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and other related costs on those long-term obligations recorded in the general long-term debt account group.

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 District uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the 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 current year.

The \$50 annual service charge on each residential and each commercial structure is levied on a calendar year basis and becomes due and payable on the date the tax rolls are filed with the recorder of mortgages. The service charges become delinquent if not paid by December 31. The service charges are normally collected in December, January and February of the current year.

Transport fees and other revenues are recorded when they become available to the District.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998
(Continued)

Interest Income

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

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is *adopted by the Board of Commissioners.*
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. There was one amendment to the 1998 budget, which is reflected in the accompanying budgetary financial statements.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998
(Continued)

Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all subsequent amendments. The schedule below reconciles excess of revenues and other sources over expenditures and other uses on page 4 (budget basis) with the amounts shown on page 3 (GAAP basis):

	<u>General Fund</u>	<u>Debt Service Fund</u>
Excess of revenues and other sources over (under) expenditures and other uses (budget basis)	\$ 26,690	\$ (5,621)
Adjustments:		
Revenue accruals – net	(14,873)	(1,182)
Expenditure accruals – net	<u>1,046</u>	<u>–</u>
Excess of revenues and other sources sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 12,863</u>	<u>\$ (6,803)</u>

F. Encumbrances

Encumbrance accounting is employed as an extension of the formal budgetary process. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Any encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at December 31, 1998.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. 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 or any other state of the United States, or under the laws of the United States.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998
(Continued)

H. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

I. Compensated Absences

The district has the following policy relating to vacation and sick leave:

After one year of service, fireman earn from 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 in the year of termination. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure within the various funds when leave is actually taken.

Each full-time employee is entitled to full pay during sickness or incapacity not brought about by his or her own negligence or culpable indiscretion, for a period of not less than 52 weeks, during any calendar year.

J. Long-Term Obligations

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

K. Fund Equity

Reserves represent those portions of fund equity not appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

L. Total Columns on Combined 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.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998
(Continued)

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Levied Taxes

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	9.88	9.88	2004
Bond tax	1.10	1.10	2004

(3) Cash and Cash Equivalents

At December 31, 1998, the District has cash and cash equivalents (book balances) totaling \$174,195 in demand deposits and interest bearing demand deposits.

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the District had \$203,733 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$103,733 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement Number Three, 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.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
December 31, 1998
(Continued)

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 12-31-97	Additions	Retirements	Balance 12-31-98
Land	\$ 74,350	\$ -	\$ -	\$ 74,350
Buildings	385,788	29,031	-	414,819
Equipment and furniture	1,133,723	82,292	18,441	1,197,574
Total general fixed assets	<u>\$ 1,593,861</u>	<u>\$ 111,323</u>	<u>\$ 18,441</u>	<u>\$ 1,686,743</u>

(5) Retirement Systems

A. Louisiana Firefighters Retirement System

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-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 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 three and one-third per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that 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. The report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
(Continued)
December 31, 1998

Plan members are required by state statute to contribute 8.0 per cent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the District 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 District's contributions to the System for the years ending December 31, 1998 and 1997 were \$29,151 and 26,247, respectively, equal to the required contributions for each year.

B. Parochial Employees Retirement System of Louisiana

Certain employees of the District are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from District funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. 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 the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 per cent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.75 per cent of annual covered payroll. Contributions to the System also include one-fourth of one per cent (except Orleans

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
(Continued)
December 31, 1998

and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District 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 District's contributions to the System under Plan A for the years ending December 31, 1998 and 1997 were \$1,783 and \$1,578, respectively, equal to the required contributions for each year.

(6) Changes in General Long-Term Debt Obligations

The following is a summary of public improvement bond transactions of the Caddo Parish Fire District Number Three for the year ended December 31, 1998:

	Balance 12-31-97	Payments	Balance 12-31-98
Public Improvement	\$ 195,000	\$ 45,000	\$ 150,000

Bonds payable at December 31, 1998 are comprised of the following individual issues:

Public Improvement Bonds –

\$500,000 – 1986 bonds for acquisition of buildings, machinery, and equipment due in annual installments of \$20,000 to \$55,000 through June 1, 2001; interest rates of 6.8 to 7.7 percent. The debt redemption is paid from the Debt Service Fund. At December 31, 1998 the amount of funds available to service the Public Improvement Bonds is \$106,663.

\$ 150,000

The annual requirements to amortize all debt outstanding as of December 31, 1998, including interest payments of \$17,893 for the Public Improvement Bonds are as follows:

Year Ending December 31				
1999			\$	54,615
2000				56,160
2001				57,118
			<u>\$</u>	<u>167,893</u>

(Continued)

Caddo Parish Fire District Number Three
Notes to Financial Statements
(Continued)
December 31, 1998

(7) Subsequent Event

The District adopted a resolution during March, 1999, giving approval for the issuance of certificates of indebtedness in an amount not to exceed \$200,000. The proceeds are to be used for maintaining and operating the District's fire protection facilities, purchasing fire trucks and equipment and obtaining water for fire protection purposes. The debt will be repaid from the current operating 10 year, 10 mill property tax.

Caddo Parish Fire District Number Three
Supplementary Information Schedule
Year 2000 Disclosure
(Unaudited)
December 31, 1998

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The District has completed an inventory of computer systems that may be affected by the year 2000 issue that are critical to conducting operations of the fire district's office. Management of the District has identified the following system requiring 2000 remediation: the emergency response system. Management of the fire district has contacted outside vendors for remediation, testing and validation. The approximate cost for updating the emergency response system is an insignificant amount. The anticipated installation date is before December 31, 1999.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA
A. EDWARD BAILL, CPA
CHERYL H. MANGRUM, CPA

MEMBER
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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*

To the Members of the
Board of Commissioners
Caddo Parish Fire District Number Three

We have audited the general purpose financial statements of Caddo Parish Fire District Number Three as of and for the year ended December 31, 1998, and have issued our report thereon dated May 27, 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 Caddo Parish Fire District Number Three's 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 Caddo Parish Fire District Number Three's internal control over financial reporting 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 over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
May 27, 1999

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Summary Schedule of Audit Findings
December 31, 1998

Summary Schedule of Prior Audit Findings

Section 1 – Internal Control – Reportable Condition:

Segregation of duties – limited number of accounting personnel.

Evaluation as stated in prior year audit report – other compensating controls help with lack of segregation of duties.

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the current year audit for the year ended December 31, 1998.