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**CADDO PARISH FIRE DISTRICT NUMBER SEVEN**

**FINANCIAL STATEMENTS**

December 31, 1997 and 1996  
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 Bayou Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court or office of the parish clerk of court.

Release Date **JUN 17 1998**

# CADDO PARISH FIRE DISTRICT NUMBER SEVEN

## Table of Contents December 31, 1997 and 1996

	<u>Page</u>
Independent Auditor's Report .....	1
Combined Balance Sheets - All Fund Types and Account Groups .....	2-3
Statements of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types .....	4-5
Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund .....	6-7
Notes to Financial Statements .....	8-13
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14-15
Independent Auditors' Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16



SMITH PUGH RABINOWITZ L L P. CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of Caddo Parish Fire District Number Seven, a component unit of the Caddo Parish Commission, as of December 31, 1997 and 1996, and for the years then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Caddo Parish Fire District Number Seven'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. 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 Caddo Parish Fire District Number Seven, as of December 31, 1997 and 1996, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 1998 on our consideration of Caddo Parish Fire District Number Seven's internal control structure and a report dated March 20, 1998 on its compliance with laws and regulations.

  
Certified Public Accountants

March 20, 1998

## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1997

Assets	General Fund	General Fixed Assets Account Group	General Long-term Debt Account Group	Totals (Memorandum Only)	
	December 31, 1997	December 31, 1996	December 31, 1997	December 31, 1996	December 31, 1996
Cash	\$ 111,507	\$	\$	\$ 111,507	\$ 144,907
Investments	131,291			131,291	123,867
Receivables:					
Property taxes, net	365,117			365,117	353,860
Accrued interest	368			368	337
Prepaid insurance	20,861			20,861	19,693
Deposits	75			75	75
Restricted assets: Certificates of deposit					
Investments in fixed assets		1,750,549		46,626	41,426
Amount to be provided for retirement of long-term debt			888,277	1,750,549	1,742,307
<b>Total Assets</b>	<b>\$ 675,845</b>	<b>\$ 1,750,549</b>	<b>\$ 888,277</b>	<b>\$ 3,314,671</b>	<b>\$ 3,434,198</b>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,791	\$	\$	\$ 2,791	\$ 2,026
General obligation bonds payable			840,000	840,000	950,000
Capital lease payable			48,277	48,277	57,726
<b>Total Liabilities</b>	<b>2,791</b>	<b>-</b>	<b>888,277</b>	<b>891,068</b>	<b>1,009,752</b>
<b>Fund Equity:</b>					
Investment in general fixed assets		1,750,549		1,750,549	1,742,307
Fund balance					
Reserved for prepaid insurance	20,861			20,861	19,693
Unreserved and undesignated	652,193			652,193	662,446
<b>Total Fund Equity</b>	<b>673,054</b>	<b>1,750,549</b>	<b>-</b>	<b>2,423,603</b>	<b>2,424,446</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 675,845</b>	<b>\$ 1,750,549</b>	<b>\$ 888,277</b>	<b>\$ 3,314,671</b>	<b>\$ 3,434,198</b>

**CADDO PARISH FIRE DISTRICT NUMBER SEVEN**

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1996

Assets	General Fund	General Fixed Assets Account Group	General Long-term Debt Account Group	Totals (Memorandum Only)	
				December 31, 1996	December 31, 1995
Cash	\$ 144,907	\$	\$	\$ 144,907	\$ 161,859
Investments	123,867			123,867	122,417
Receivables:					
Property taxes, net	353,860			353,860	351,435
Accrued interest	337			337	306
Prepaid insurance	19,693			19,693	19,291
Deposits	75			75	75
Restricted assets: Certificates of deposit	41,426			41,426	37,353
Investments in fixed assets		1,742,307		1,742,307	1,647,152
Amount to be provided for retirement of long-term debt			1,007,726	1,007,726	1,055,000
<b>Total Assets</b>	<u>684,165</u>	<u>\$ 1,742,307</u>	<u>\$ 1,007,726</u>	<u>\$ 3,434,198</u>	<u>\$ 3,394,888</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,026	\$	\$	\$ 2,026	\$ 1,836
General obligation bonds payable			950,000	950,000	1,055,000
Capital lease payable			57,726	57,726	-
<b>Total Liabilities</b>	<u>2,026</u>	<u>-</u>	<u>1,007,726</u>	<u>1,009,752</u>	<u>1,056,836</u>
<b>Fund Equity:</b>					
Investment in general fixed assets		1,742,307		1,742,307	1,647,152
Fund balance:					
Reserved for prepaid insurance	19,693			19,693	19,291
Unreserved and undesignated	662,446			662,446	671,609
<b>Total Fund Equity</b>	<u>682,139</u>	<u>1,742,307</u>	<u>-</u>	<u>2,424,446</u>	<u>2,338,052</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 684,165</u>	<u>\$ 1,742,307</u>	<u>\$ 1,007,726</u>	<u>\$ 3,434,198</u>	<u>\$ 3,394,888</u>

## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

### Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types For the Year Ended December 31, 1997

	<u>General Fund</u>	<u>(Memorandum Only) December 31, 1996</u>
<b>Revenues:</b>		
Taxes	\$ 402,866	\$ 391,005
Intergovernmental	4,909	2,645
Donations	160	750
Miscellaneous	11,827	17,629
Interest/dividends	<u>17,541</u>	<u>18,283</u>
<b>Total Revenues</b>	<u>437,303</u>	<u>430,312</u>
<b>Expenditures:</b>		
Current:		
Personal services	77,245	71,088
Materials and supplies	51,326	30,193
Contracted services	60,904	55,590
Other	56,891	63,974
Capital outlays	8,242	37,430
Debt service:		
Interest	72,332	75,798
Principal retirement	<u>119,448</u>	<u>105,000</u>
<b>Total Expenditures</b>	<u>446,388</u>	<u>439,073</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(9,085)	(8,761)
<b>Fund Balance at Beginning of Year</b>	<u>682,139</u>	<u>690,900</u>
<b>Fund Balance at End of Year</b>	<u>\$ 673,054</u>	<u>\$ 682,139</u>

See Accompanying Notes to Financial Statements.

## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

### Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types For the Year Ended December 31, 1996

	<u>General Fund</u>	<u>(Memorandum Only) December 31, 1995</u>
<b>Revenues:</b>		
Taxes	\$ 391,005	\$ 384,376
Intergovernmental	2,645	5,351
Donations	750	1,300
Miscellaneous	17,629	13,129
Interest/dividends	<u>18,283</u>	<u>19,051</u>
<b>Total Revenues</b>	<u>430,312</u>	<u>423,207</u>
<b>Expenditures:</b>		
Current:		
Personal services	71,088	69,832
Materials and supplies	30,193	31,815
Contracted services	55,590	57,471
Other	63,974	42,844
Capital outlays	37,430	8,190
Debt service:		
Interest	75,798	83,025
Principal retirement	<u>105,000</u>	<u>100,000</u>
<b>Total Expenditures</b>	<u>439,073</u>	<u>393,177</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(8,761)	30,030
<b>Fund Balance at Beginning of Year</b>	<u>690,900</u>	<u>660,870</u>
<b>Fund Balance at End of Year</b>	<u>\$ 682,139</u>	<u>\$ 690,900</u>

## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Tax revenue	\$ 365,000	\$ 402,866	\$ 37,866
Intergovernmental	10,000	4,909	(5,091)
Interest/dividends	10,000	17,541	7,541
Miscellaneous	<u>2,300</u>	<u>11,987</u>	<u>9,687</u>
<b>Total Revenues</b>	<u>387,300</u>	<u>437,303</u>	<u>50,003</u>
<b>Expenditures:</b>			
Current:			
General government	49,085	48,832	253
Public safety	<u>338,215</u>	<u>397,556</u>	<u>(59,341)</u>
<b>Total Expenditures</b>	<u>387,300</u>	<u>446,388</u>	<u>(59,088)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>		(9,085)	(9,085)
<b>Fund Balance at Beginning of Year</b>	<u>682,139</u>	<u>682,139</u>	<u>          </u>
<b>Fund Balance at End of Year</b>	<u>\$ 682,139</u>	<u>\$ 673,054</u>	<u>\$ (9,085)</u>



## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Tax revenue	\$ 358,417	\$ 391,005	\$ 32,588
Intergovernmental	8,000	2,645	(5,355)
Interest/dividends	10,000	18,283	8,283
Miscellaneous	<u>2,300</u>	<u>18,379</u>	<u>16,079</u>
<b>Total Revenues</b>	<u>378,717</u>	<u>430,312</u>	<u>51,595</u>
<b>Expenditures:</b>			
Current:			
General government	41,450	43,995	(2,545)
Public safety	<u>337,267</u>	<u>395,078</u>	<u>(57,811)</u>
<b>Total Expenditures</b>	<u>378,717</u>	<u>439,073</u>	<u>(60,356)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>		(8,761)	(8,761)
<b>Fund Balance at Beginning of Year</b>	<u>690,900</u>	<u>690,900</u>	<u>          </u>
<b>Fund Balance at End of Year</b>	<u>\$ 690,900</u>	<u>\$ 682,139</u>	<u>\$ (8,761)</u>

# CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements  
December 31, 1997 and 1996

The Caddo Parish Fire District Number Seven (the District) was created by the Caddo Parish Commission by ordinance on January 28, 1987, as provided under the Louisiana Revised Statutes 40:1492-1501. The District is comprised of property in Northwest Caddo Parish and is governed by a Board of Commissioners, who are appointed by the Caddo Parish Commission. The purpose of the District is to provide fire protection and emergency services to residents of the District.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying general purpose financial statements of Caddo Parish Fire District Number Seven have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The following is a summary of the more significant accounting policies:

**Reporting Entity** These financial statements include all funds and account groups over which the District exercises control, authority, management, influence or accountability. Control by or influence over the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of the governing body, and general oversight responsibility.

**Fund Accounting.** The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources and is categorized as a governmental fund.

**Fixed Assets and Long-term Liabilities.** The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type organizations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain "infrastructure" general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt account group.

# CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements  
December 31, 1997 and 1996

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

**Basis of Accounting** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

**Use of Estimates.** The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgets and Budgetary Accounting.** The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The budget is prepared by the Board of Commissioners.
2. A summary of the proposed budget is published and the public notified that the budget is available for public inspection.
3. All budgetary appropriations lapse at the end of each calendar year.
4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Commissioners. The 1997 and 1996 budgets were amended in accordance with Louisiana statutes by the Board of Commissioners.

**Compensated Absences.** Compensated absences do not accrue past the calendar year and are not paid for if not taken. Therefore, no liability for compensated absences exist.

**Bad Debts.** Uncollectible amounts due for property taxes receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for the uncollectible property taxes was \$37,749 and \$37,145 at December 31, 1997 and 1996, respectively.

# CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements  
December 31, 1997 and 1996

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

**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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

## 2. CASH:

	Cash and Checking Accounts	Interest- Bearing Accounts	Total
General Fund, December 31, 1997	\$ 6,892	\$ 104,615	\$ 111,507
General Fund, December 31, 1996	\$ 738	\$ 144,169	\$ 144,907

Under state law, these bank balances must be secured by federal depository insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal depository insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1997, all bank deposits were covered by pledged collateral and/or federal depository insurance.

## 3. INVESTMENTS:

The District has invested in the Limited Volatility Bd A Mutual Fund. This is composed completely of U.S. Government Securities that can not default. The mutual fund balances at December 31, 1997 and 1996 were \$131,291 (\$130,728 market) and \$123,867 (\$123,428 market), respectively.

Investment pools are under the custody of the District's Clerk. Investing is performed in accordance with investment policies complying with State Statutes and the District's Charter. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks, to the extent fully insured.

## 4. PROPERTY TAXES:

Property taxes are levied by the District on property values assessed by the State of Louisiana Tax Commission. In an election on January 16, 1988, the voters approved the levy of property taxes. The District levies taxes on real and business personal property within its boundaries. Property taxes are recorded as receivables and revenue in the year assessed to the extent that revenues are collected within 60 days after year-end. For the years ended December 31, 1997 and 1996, taxes of 18.25 mills were levied on property with assessed valuations totaling \$22,074,380 and \$21,424,460, respectively, and were dedicated for the retirement of general obligation bonds (8.25 mills) and maintenance and operations (10.00 mills). Total taxes levied at December 31, 1997 and 1996 were \$402,866 and \$391,005, respectively.

## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements  
December 31, 1997 and 1996

### 5. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>Balance</u> January 1, 1996	<u>Additions</u>	<u>Balance</u> December 31, 1996	<u>Additions</u>	<u>Balance</u> December 31, 1997
Land	\$ 20,001	\$	\$ 20,001	\$	\$ 20,001
Buildings	647,846		647,846		647,846
Equipment	945,973	95,155	1,041,128	5,644	1,046,772
Furniture and Fixtures	<u>33,332</u>		<u>33,332</u>	<u>2,598</u>	<u>35,930</u>
Total	<u>\$ 1,647,152</u>	<u>\$ 95,155</u>	<u>\$ 1,742,307</u>	<u>\$ 8,242</u>	<u>\$ 1,750,549</u>

### 6. LONG-TERM DEBT:

In an election held on January 16, 1988, the voters authorized the issuance of \$1,500,000 in general obligation bonds for acquiring land, buildings, and equipment to be used in providing fire protection to the District. The bonds were issued on June 17, 1988, and are payable in annual principal installments of \$25,000 to \$175,000 with interest paid semi-annually at rates ranging from 7.49% to 7.89%.

The summary of changes in general long-term obligations is as follows:

Balance, January 1, 1996	\$ 1,055,000
Debt retirements	<u>105,000</u>
Balance, December 31, 1996	950,000
Debt retirements	<u>110,000</u>
Balance, December 31, 1997	<u>\$ 840,000</u>

The annual requirements to amortize the general obligation bonds as of December 31, 1997, including interest payments, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal and</u> <u>Interest Due</u>
1998	174,840
1999	171,085
2000	171,580
2001	175,993
2002-2003	<u>356,179</u>
Total	1,049,677
Less interest	<u>209,677</u>
Outstanding principal	<u>\$ 840,000</u>

## CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements  
December 31, 1997 and 1996

### 6. LONG-TERM DEBT (CONTINUED):

The District entered into a long-term lease with the option to purchase equipment dated December 14, 1995.

The summary of changes to the lease are as follows:

Balance, January 1, 1996	\$	57,726
Payments		<u>          -</u>
Balance, December 31, 1996		57,726
Payments		<u>    9,449</u>
Balance, December 31, 1997	\$	<u><u>    48,277</u></u>

The annual requirements to amortize the lease as of December 31, 1997, including interest payments are as follows:

Year Ending December 31	Principal and Interest Due
1998	\$ 13,697
1999	13,697
2000	13,697
2001	<u>13,697</u>
Total	54,788
Less interest	<u>    6,511</u>
Outstanding principal	<u><u>    48,277</u></u>

### 7. PER DIEM PAID TO BOARD MEMBERS:

Caddo Parish Fire District Number Seven made per diem payments to the board of commissioners as follows:

	1997	1996
Rodney Fillingham	\$ 360	\$ 360
Ron Killingsworth	30	300
Ronald Saulsbury	330	330
Lowell White	360	60
Jimmy Hall	-	210
Huey Bankard	330	270
Sam Sparkman	180	-
Scott Moore	<u>360</u>	<u>          -</u>
	<u><u>    1,950</u></u>	<u><u>    1,530</u></u>

## **CADDO PARISH FIRE DISTRICT NUMBER SEVEN**

Notes to Financial Statements  
December 31, 1997 and 1996

### **8. LEASE COMMITMENTS:**

The District has commitments under several operating lease agreements for fire station facilities and use of water hydrants. Generally, these lease agreements are cancelable by the District at any time. District management does feel, however, that such leases will generally be renewed or replaced each year. Total rental expense under operating leases was approximately \$1,824 for the year ended December 31, 1997 and \$1,824 for the year ended December 31, 1996.

### **9. CONTINGENCIES:**

The District is involved in various legal actions arising in the ordinary course of operations. In the opinion of management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

### **10. RELATED PARTY TRANSACTIONS:**

Procedures, observations, and inquiries did not disclose any material related party transactions for the years ended December 31, 1997 and 1996.



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR' S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Commissioners  
Caddo Parish Fire District Number Seven

We have audited the general purpose financial statements of Caddo Parish Fire District Number Seven, a component unit of the Caddo Parish Commission, as of and for the years ended December 31, 1997 and 1996, and have issued our report thereon dated March 20, 1998.

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 general purpose financial statements are free of material misstatement.

The management of Caddo Parish Fire District Number Seven 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 general purpose 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 the audit of the general purpose financial statements of Caddo Parish Fire District Number Seven, for the years ended December 31, 1997 and 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 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 or 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.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Caddo Parish Fire District Number Seven, in a separate letter dated March 20, 1998.

This report is intended for the information of management, and applicable Federal, state and parish agencies. However, this report is a matter of public record and its distribution is not limited.

  
Certified Public Accountants

March 20, 1998



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

610 MARSHALL STREET SUITE 800 • SHREVEPORT, LOUISIANA • 71101-5332 • TELEPHONE 318 222 5701 • FAX 318 424 4736  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN  
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners  
Caddo Parish Fire District Number Seven

We have audited the general purpose financial statements of Caddo Parish Fire District Number Seven, a component unit of the Caddo Parish Commission, as of and for the years ended December 31, 1997 and 1996 and have issued our report thereon dated March 20, 1998.

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 general purpose financial statements are free of material misstatement.

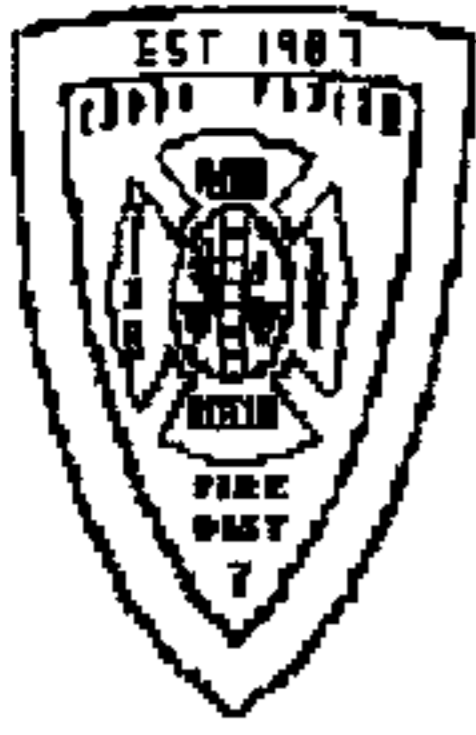
Compliance with laws, regulations, and contracts applicable to Caddo Parish Fire District Number Seven is the responsibility of Caddo Parish Fire District Number Seven's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Caddo Parish Fire District Number Seven's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*

This report is intended for the information of management, and applicable Federal, state and parish agencies. However, this report is a matter of public record and its distribution is not limited.

*Smith Pugh Rabinowitz L.L.P.*  
Certified Public Accountants

March 20, 1998



# CADDO PARISH FIRE DISTRICT SEVEN

"Volunteers serving with pride and professionalism"  
FIRE---WATER---EMS---RESCUE

Commissioners:  
Huey Bankard  
Rodney Fillingim  
Scott Moore  
Ronald Saulsbury  
Sam Sparkman  
Lowell White

Fire Chief:  
Bruce Walker

300 Hwy 1 N. PO Box 100 Oil City, LA 71061  
(318) 995-7114 Fax (318) 995-0088

Secretary:  
May Beth Bradford

Daniel Kyle, CPA, CFE  
Legislative Auditor  
Re: Corrective Action Plan  
MR. Kyle,

May 28, 1998

Caddo Parish Fire District # 7 has just completed an audit for 1996 & 1997. It was disclosed in a management letter from Mike Rabinowitz, CPA, two (2) questionable areas of this Department's internal control structure:

## PUBLIC BID LAWS:

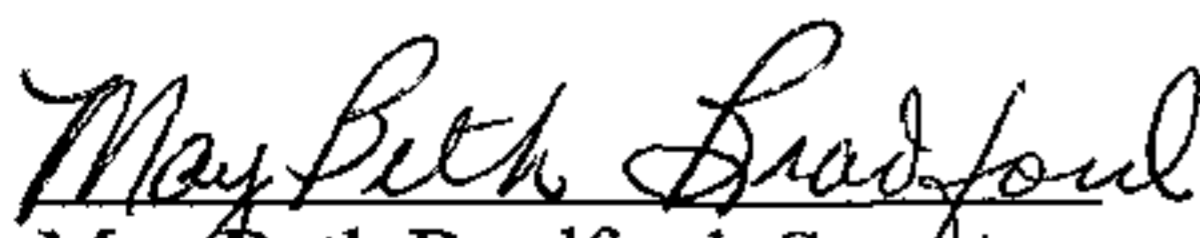
Caddo Parish Fire District # 7 purchased a truck in November 1995. To equip this piece of equipment a number of items needed to be purchased such as hoses, nozzles, cylinders and air masks. In purchasing this equipment, the total of check written to pay these invoices exceeded the \$5,000 bid law. In reading through the minutes, bids had been asked for, but before any bids had been received, it was discovered there was to be a substantially large price increase and to save the Fire Department about \$1,500.00, the Board decided to go ahead and order the equipment. The bid law policy has been reviewed and discussed. Each Board Member has a copy of the newest revision in the bid laws. A file has been set up for all purchases that exceed \$7,500.00.

## DEBT RESTRICTION LAWS:

An oversight by Caddo parish Fire District # 7 was discovered, when a debt was incurred on purchase of truck. Caddo Parish Fire District # 7 submitted all paper work on the lease-purchase agreement on this truck March 30, 1998, for approval by the State Bond Commission. Caddo parish Fire District # 7 is at this time waiting for a reply from the State Bond Commission. I talked with Steve Dicharry with the State Bond Commission on May 22, 1998 and he said there would be no problem, it was just a matter of getting the necessary paper work completed.

Caddo Parish Fire District # 7 will take action to implement policies and procedures to ensure that there are not any future re-occurrences in these areas.

Sincerely,

  
May Beth Bradford, Secretary  
Caddo Parish Fire District # 7

  
Scott Moore, Chairman  
Caddo Parish Fire District # 7

Received and acknowledged  
Legislative Auditor

By 

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