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CADDO PARISH FIRE DISTRICT NUMBER SEVEN

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FINANCIAL STATEMENTS

December 31, 1995 and 1994

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

Release Date JUN 26 1996

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

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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, 1995 and 1994, 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, 1995 and 1994, 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 May 1, 1996 on our consideration of Caddo Parish Fire District Number Seven's internal control structure and a report dated May 1, 1996 on its compliance with laws and regulations.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

May 1, 1996

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1995

	<u>General Fund</u>	<u>General Fixed Assets Account Group</u>	<u>General Long-term Debt Account Group</u>	<u>Totals (Memorandum Only) December 31, 1995</u>	<u>December 31, 1994</u>
Assets					
Cash	\$ 161,859	\$	\$	\$ 161,859	\$ 139,945
Investments	122,417			122,417	116,355
Receivables:					
Property taxes, net	351,435			351,435	347,036
Accrued interest	306			306	285
Prepaid insurance	19,291			19,291	26,436
Deposits	75			75	75
Restricted assets: Certificates of deposit	37,353			37,353	32,998
Investments in fixed assets		1,647,152		1,647,152	1,638,962
Amount to be provided for retirement of long-term debt			1,055,000	1,055,000	1,155,000
Total Assets	<u>\$ 692,736</u>	<u>\$ 1,647,152</u>	<u>\$ 1,055,000</u>	<u>\$ 3,394,888</u>	<u>\$ 3,457,092</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 1,836			\$ 1,836	\$ 2,260
General obligation bonds payable			1,055,000	1,055,000	1,155,000
Total Liabilities	<u>1,836</u>	<u>-</u>	<u>1,055,000</u>	<u>1,056,836</u>	<u>1,157,260</u>
Fund Equity:					
Investment in general fixed assets		1,647,152		1,647,152	1,638,962
Fund balance:					
Reserved for prepaid insurance	19,291			19,291	26,436
Unreserved and undesignated	671,609			671,609	634,434
Total Fund Equity	<u>690,900</u>	<u>1,647,152</u>	<u>-</u>	<u>2,338,052</u>	<u>2,299,832</u>
Total Liabilities and Fund Equity	<u>\$ 692,736</u>	<u>\$ 1,647,152</u>	<u>\$ 1,055,000</u>	<u>\$ 3,394,888</u>	<u>\$ 3,457,092</u>

See Accompanying Notes to Financial Statements.

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1994

	General Fund	General Fixed Assets Account Group	General Long-term Debt Account Group	Totals (Memorandum Only) December 31, 1994	December 31, 1993
Assets					
Cash	\$ 139,945	\$	\$	\$ 139,945	\$ 140,081
Investments	116,355			116,355	111,036
Receivables:					
Property taxes, net	347,036			347,036	374,174
Accrued interest	285			285	133
Prepaid insurance	26,436			26,436	28,329
Deposits	75			75	75
Restricted assets: Certificates of deposit	32,998			32,998	29,810
Investments in fixed assets		1,638,962		1,638,962	1,613,983
Amount to be provided for retirement of long-term debt			1,155,000	1,155,000	1,240,000
Total Assets	<u>\$ 663,130</u>	<u>\$ 1,638,962</u>	<u>\$ 1,155,000</u>	<u>\$ 3,457,092</u>	<u>\$ 3,537,621</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 2,260			\$ 2,260	\$ 4,247
General obligation bonds payable			1,155,000	1,155,000	1,240,000
Total Liabilities	<u>2,260</u>	<u>-</u>	<u>1,155,000</u>	<u>1,157,260</u>	<u>1,244,247</u>
Fund Equity:					
Investment in general fixed assets		1,638,962		1,638,962	1,613,983
Fund balance:					
Reserved for prepaid insurance	26,436			26,436	28,329
Unreserved and undesignated	634,434			634,434	651,062
Total Fund Equity	<u>660,870</u>	<u>1,638,962</u>	<u>-</u>	<u>2,299,832</u>	<u>2,293,374</u>
Total Liabilities and Fund Equity	<u>\$ 663,130</u>	<u>\$ 1,638,962</u>	<u>\$ 1,155,000</u>	<u>\$ 3,457,092</u>	<u>\$ 3,537,621</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, 1995

	<u>General Fund</u>	(Memorandum Only) <u>December 31, 1994</u>
Revenues:		
Taxes	\$ 384,376	\$ 380,814
Intergovernmental	5,351	8,034
Donations	1,300	800
Miscellaneous	13,129	11,133
Interest	<u>19,051</u>	<u>14,476</u>
Total Revenues	<u>423,207</u>	<u>415,257</u>
Expenditures:		
Current:		
Personal services	65,300	63,791
Materials and supplies	31,815	27,309
Contracted services	57,471	64,497
Other	47,376	78,702
Capital outlays	8,190	24,979
Debt service:		
Interest	83,025	89,500
Principal retirement	<u>100,000</u>	<u>85,000</u>
Total Expenditures	<u>393,177</u>	<u>433,778</u>
Excess (Deficiency) of Revenues over Expenditures	30,030	(18,521)
Fund Balance at Beginning of Year	<u>660,870</u>	<u>679,391</u>
Fund Balance at End of Year	<u>\$ 690,900</u>	<u>\$ 660,870</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, 1994

	<u>General Fund</u>	(Memorandum Only) <u>December 31, 1993</u>
Revenues:		
Taxes	\$ 380,814	\$ 411,180
Intergovernmental	8,034	2,663
Donations	800	2,096
Miscellaneous	11,133	14,957
Interest	<u>14,476</u>	<u>13,376</u>
Total Revenues	<u>415,257</u>	<u>444,272</u>
Expenditures:		
Current:		
Personal services	63,791	65,196
Materials and supplies	27,309	24,986
Contracted services	64,497	60,390
Other	78,702	64,303
Capital outlays	24,979	16,941
Debt service:		
Interest	89,500	96,225
Principal retirement	<u>85,000</u>	<u>75,000</u>
Total Expenditures	<u>433,778</u>	<u>403,041</u>
Excess (Deficiency) of Revenues over Expenditures	(18,521)	41,231
Fund Balance at Beginning of Year	<u>679,391</u>	<u>638,160</u>
Fund Balance at End of Year	<u><u>\$ 660,870</u></u>	<u><u>\$ 679,391</u></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, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Tax revenue	\$ 340,000	\$ 384,376	\$ 44,376
Intergovernmental	8,000	5,351	(2,649)
Interest	10,000	19,051	9,051
Miscellaneous	<u>2,300</u>	<u>14,429</u>	<u>12,129</u>
Total Revenues	<u>360,300</u>	<u>423,207</u>	<u>62,907</u>
Expenditures:			
Current:			
General government	39,695	38,675	1,020
Public safety	<u>320,605</u>	<u>354,502</u>	<u>(33,897)</u>
Total Expenditures	<u>360,300</u>	<u>393,177</u>	<u>(32,877)</u>
Excess of Revenues Over Expenditures		30,030	30,030
Fund Balance at Beginning of Year	<u>660,870</u>	<u>660,870</u>	
Fund Balance at End of Year	<u>\$ 660,870</u>	<u>\$ 690,900</u>	<u>\$ 30,030</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, 1994

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Tax revenue	\$ 353,000	\$ 380,814	\$ 27,814
Intergovernmental	7,600	8,034	434
Interest	13,400	14,476	1,076
Miscellaneous	<u>11,000</u>	<u>11,933</u>	<u>933</u>
Total Revenues	<u>385,000</u>	<u>415,257</u>	<u>30,257</u>
Expenditures:			
Current:			
General government	47,662	40,513	7,149
Public safety	<u>337,338</u>	<u>393,265</u>	<u>(55,927)</u>
Total Expenditures	<u>385,000</u>	<u>433,778</u>	<u>(48,778)</u>
Excess (Deficiency) of Revenues Over Expenditures		(18,521)	(18,521)
Fund Balance at Beginning of Year	<u>679,391</u>	<u>679,391</u>	<u> </u>
Fund Balance at End of Year	<u>\$ 679,391</u>	<u>\$ 660,870</u>	<u>\$ (18,521)</u>

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements
December 31, 1995 and 1994

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, 1995 and 1994

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 1995 budget was 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 \$32,941 and \$33,778 at December 31, 1995 and 1994, respectively.

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements December 31, 1995 and 1994

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, 1995	\$ 10,861	\$ 150,998	\$ 161,859
General Fund, December 31, 1994	\$ 7,257	\$ 132,688	\$ 139,945

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, 1995, all bank deposits were covered by pledged collateral and/or federal depository insurance.

3. INVESTMENTS:

The District has invested in the Paragon Portfolio Mutual Fund. This is composed completely of U.S. Government Securities that can not default. The mutual fund balances at December 31, 1995 and 1994 were \$122,417 (\$118,445 market) and \$116,355 (\$107,702 market), respectively.

Investment pools are under the custody of the District's Clerk. Investing is performed in accordance with investment policies complying with State Statues 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, 1995 and 1994, taxes of 18.25 mills were levied on property with assessed valuations totaling \$21,061,230 and \$20,866,060, 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, 1995 and 1994 were \$384,376 and \$380,814, respectively.

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements December 31, 1995 and 1994

5. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1994</u>	Additions	Balance December 31, <u>1994</u>	Additions	Balance December 31, <u>1995</u>
Land	\$ 20,001	\$	\$ 20,001	\$	\$ 20,001
Buildings	640,547	7,299	647,846		647,846
Equipment	921,001	16,782	937,783	8,190	945,973
Furniture and Fixtures	<u>32,434</u>	<u>898</u>	<u>33,332</u>		<u>33,332</u>
Total	<u>\$ 1,613,983</u>	<u>\$ 24,979</u>	<u>\$ 1,638,962</u>	<u>\$ 8,190</u>	<u>\$ 1,647,152</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, 1994	\$ 1,240,000
Debt retirements	<u>85,000</u>
Balance, December 31, 1994	1,155,000
Debt retirements	<u>100,000</u>
Balance, December 31, 1995	<u>\$ 1,055,000</u>

The annual requirements to amortize the general obligation bonds as of December 31, 1995, including interest payments, are as follows:

<u>Year Ending December 31</u>	<u>Principal and Interest Due</u>
1996	\$ 180,798
1997	178,083
1998	174,840
1999	171,085
2000	171,580
2001-2003	<u>532,172</u>
Total	1,408,558
Less interest	<u>353,558</u>
Outstanding principal	<u>\$ 1,055,000</u>

CADDO PARISH FIRE DISTRICT NUMBER SEVEN

Notes to Financial Statements
December 31, 1995 and 1994

7. PER DIEM PAID TO BOARD MEMBERS:

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

	<u>1995</u>	<u>1994</u>
Rodney Fillingham	\$ 300	\$ 300
Ron Killingsworth	270	330
Jeff Moore	300	330
Paul Willson, Jr.	337	330
Jimmy Hall	<u>330</u>	<u>300</u>
	<u>\$ 1,537</u>	<u>\$ 1,590</u>

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, 1995 and \$1,824 for the year ended December 31, 1994.

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, 1995 and 1994.



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, 1995 and 1994, and have issued our report thereon dated May 1, 1996.

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, 1995 and 1994, 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 May 1, 1996.

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

May 1, 1996



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

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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, 1995 and 1994, and have issued our report thereon dated May 1, 1996.

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.


Certified Public Accountants

May 1, 1996

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

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May 1, 1996

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

In planning and performing our audit of the general purpose financial statements of Caddo Parish Fire District Number Seven, a component unit of the Caddo Parish Commission, for the years ended December 31, 1995 and 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect Caddo Parish Fire District Number Seven's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. We noted the following reportable conditions:

Public Bid Law

During our audit, we noted two disbursements for which no written documentation was available evidencing that telephone quotes had been obtained. Public bid laws require at least three price quotes be obtained from different suppliers for purchases that exceed \$5,000, but are less than \$10,000. If the purchases are exempt from this law, supporting documentation should be placed in the bid file.

We recommend that the District's purchase policy be reviewed for adequacy. The policy should specify items which require price quotes, and items which are exempt from the requirement. In addition, a file should be maintained for all purchases that exceed \$5,000. Proper file documentation for these purchases would include, at a minimum, evidence of quotes obtained (or documentation supporting exemption from this requirement) and notation of the bid accepted.

Code of Ethics for Public Officials

Louisiana statute R.S. 42:1101-1124 states that no member of the immediate family of any member of the governing body or the chief executive officer can be employed by the District. In addition, a volunteer that has a family member on the governing board or serves as chief executive officer can not participate in any expense reimbursements.

We recommend that the District review its policy on reimbursements made to volunteers to ensure compliance with Louisiana laws.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District officials, and we will be pleased to discuss them in further detail at your convenience.

This report is intended solely for the information of management, and applicable Federal, state, and parish agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Sincerely,

Smith Pugh Rabinowitz LLP

Certified Public Accountants