

CADDO PARISH FIRE DISTRICT NUMBER EIGHT

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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 8-7-96

Caddo Parish Fire District Number Eight

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

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Commissioners
Caddo Parish Fire District Number Eight
Caddo Parish, Louisiana

We have audited the accompanying general purpose financial statements of Caddo Parish Fire District Number Eight, a component unit of the Caddo Parish Commission, as of and for the years ended December 31, 1995 and 1994, as listed in the table of contents. These general purpose financial statements are the responsibility of the Caddo Parish Fire District Number Eight'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 *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 Caddo Parish Fire District Number Eight, 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 and Auditing Standards*, we have also issued a report dated June 4, 1996 on our consideration of Caddo Parish Fire District Number Eight's internal control structure and a report dated June 4, 1996 on its compliance with laws and regulations.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

June 4, 1996

Caddo Parish Fire District Number Eight
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1995

	Governmental Fund Types		Account Group		Totals (Memorandum Only)	
	General	Debt Service	General Fixed Assets	General Long-term Debt	December 31, 1995	December 31, 1994
Assets						
Cash	\$ 46,327	\$ 79,896	\$	\$	\$ 126,223	\$ 94,716
Investments	100,525				100,525	100,700
Accounts receivable -						
Parcel fees	133,400				133,400	133,950
Ad valorem taxes		227,164			227,164	226,486
Less allowance for uncollectible taxes		(67,402)			(67,402)	(64,674)
Prepaid insurance	16,219				16,219	16,654
Due from other funds		5,674			5,674	2,781
Fixed assets			1,389,206		1,389,206	1,375,960
Amount to be provided for retirement of general long-term debt				1,065,000	1,065,000	1,135,000
Total Assets	<u>\$ 296,471</u>	<u>\$ 245,332</u>	<u>\$ 1,389,206</u>	<u>\$ 1,065,000</u>	<u>\$ 2,996,009</u>	<u>\$ 3,021,573</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$	\$	\$	\$	\$	\$ 503
Due to other funds	5,674				5,674	2,781
General obligation bonds payable				1,065,000	1,065,000	1,135,000
Total Liabilities	<u>5,674</u>	<u>-</u>	<u>-</u>	<u>1,065,000</u>	<u>1,070,674</u>	<u>1,138,284</u>
Fund Balance:			1,389,206		1,389,206	1,375,960
Investment in general fixed assets						
Fund balance:		245,332			245,332	225,409
Reserved for debt service	16,219				16,219	16,654
Reserved for prepaid insurance	274,578				274,578	265,266
Unreserved/undesignated	290,797				1,925,335	1,883,289
Total Fund Balance	<u>\$ 296,471</u>	<u>\$ 245,332</u>	<u>\$ 1,389,206</u>	<u>\$ 1,065,000</u>	<u>\$ 2,996,009</u>	<u>\$ 3,021,573</u>
Total Liabilities and Fund Balance						

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Caddo Parish Fire District Number Eight

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

	Governmental		Account Group		Totals	
	Fund Types		General		(Memorandum Only)	
	General	Debt Service	Fixed Assets	Long-term Debt	December 31, 1994	December 31, 1993
Assets						
Cash	\$ 33,900	\$ 60,816	\$	\$	\$ 94,716	\$ 158,102
Investments					100,700	
Accounts receivable:						
Parcel fees	133,950				104,895	104,000
Ad valorem taxes		226,486			120,159	107,949
Less allowance for uncollectible taxes		(64,674)			(13,551)	(15,304)
Prepaid insurance	16,654				16,654	2,101
Due from other funds		2,781			2,781	900
Fixed assets			1,375,960		1,375,960	1,375,960
Amount to be provided for retirement of general long-term debt				1,135,000	1,135,000	1,200,000
Total Assets	\$ 285,204	\$ 225,409	\$ 1,375,960	\$ 1,135,000	\$ 3,021,573	\$ 3,057,385
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 503	\$	\$	\$	\$ 503	\$ 4,256
Due to other funds	2,781				2,781	900
General obligation bonds payable				1,135,000	1,135,000	1,200,000
Total Liabilities	3,284	-	-	1,135,000	1,138,284	1,205,156
Fund Balance:						
Investment in general fixed assets			1,375,960		1,375,960	1,375,960
Fund balance:						
Reserved for debt service		225,409			225,409	217,973
Reserved for prepaid insurance	16,654				16,654	2,101
Unreserved/undesignated	265,266				265,266	256,195
Total Fund Balance	281,920	225,409	1,375,960	-	1,883,289	1,852,229
Total Liabilities and Equity	\$ 285,204	\$ 225,409	\$ 1,375,960	\$ 1,135,000	\$ 3,021,573	\$ 3,057,385

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Caddo Parish Fire District Number Eight

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type Year Ended December 31, 1995

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>1995</u>	<u>1994</u>
Revenues:				
Taxes	\$	\$ 186,288	\$ 186,288	\$ 181,272
Parcel fees	136,446		136,446	138,093
Intergovernmental	15,485		15,485	14,122
Interest	5,409	666	6,075	3,364
Miscellaneous	1,220		1,220	1,141
Total revenues	<u>158,560</u>	<u>186,954</u>	<u>345,514</u>	<u>337,992</u>
Expenditures:				
Current:				
General government	18,225	22,157	40,382	49,872
Public safety	118,212		118,212	111,288
Capital Outlay	13,246		13,246	
Debt Service:				
Principal retirement		70,000	70,000	65,000
Interest and fiscal charges		74,875	74,875	80,771
Total expenditures	<u>149,683</u>	<u>167,032</u>	<u>316,715</u>	<u>306,931</u>
Excess of revenues over expenditures	8,877	19,922	28,799	31,061
Fund Balance at Beginning of Year	<u>281,920</u>	<u>225,410</u>	<u>507,330</u>	<u>476,269</u>
Fund Balance at End of Year	<u>\$ 290,797</u>	<u>\$ 245,332</u>	<u>\$ 536,129</u>	<u>\$ 507,330</u>

Caddo Parish Fire District Number Eight

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type Year Ended December 31, 1994

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>1994</u>	<u>1993</u>
Revenues:				
Taxes	\$	\$ 181,272	\$ 181,272	\$ 214,998
Parcel fees	138,093		138,093	138,819
Intergovernmental	14,122		14,122	12,468
Interest	2,792	572	3,364	2,882
Miscellaneous	1,141		1,141	2,181
Total revenues	<u>156,148</u>	<u>181,844</u>	<u>337,992</u>	<u>371,348</u>
Expenditures:				
Current:				
General government	21,236	28,636	49,872	48,414
Public safety	111,288		111,288	107,210
Capital Outlay				27,209
Debt Service:				
Principal retirement		65,000	65,000	60,000
Interest and fiscal charges		80,771	80,771	88,028
Total expenditures	<u>132,524</u>	<u>174,407</u>	<u>306,931</u>	<u>330,861</u>
Excess of revenues over expenditures	23,624	7,437	31,061	40,487
Fund Balance at Beginning of Year	<u>258,296</u>	<u>217,973</u>	<u>476,269</u>	<u>435,782</u>
Fund Balance at End of Year	<u>\$ 281,920</u>	<u>\$ 225,410</u>	<u>\$ 507,330</u>	<u>\$ 476,269</u>

Caddo Parish Fire District Number Eight

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund Year Ended December 31, 1995

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Parcel fees	\$ 133,950	\$ 136,446	\$ 2,496
Intergovernmental	12,500	15,485	2,985
Interest	5,000	5,409	409
Miscellaneous	1,625	1,220	(405)
Total revenues	153,075	158,560	5,485
Expenditures:			
Current:			
General government	20,472	18,225	2,247
Public Safety	120,250	118,212	2,038
Capital Outlay		13,246	(13,246)
Total expenditures	140,722	149,683	(8,961)
Excess of revenues over expenditures	12,353	8,877	(3,476)
Fund Balance at Beginning of Year	281,920	281,920	-
Fund Balance at End of Year	\$ 294,273	\$ 290,797	\$ (3,476)

Caddo Parish Fire District Number Eight

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund Year Ended December 31, 1994

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Parcel fees	\$ 135,150	\$ 138,093	\$ 2,943
Intergovernmental	13,420	14,122	702
Interest	1,500	2,792	1,292
Miscellaneous	500	1,141	641
Total revenues	150,570	156,148	5,578
Expenditures:			
Current:			
General government	22,722	21,236	1,486
Public Safety	115,043	111,288	3,755
Capital Outlay	-	-	-
Total expenditures	137,765	132,524	5,241
Excess of revenues over expenditures	12,805	23,624	10,819
Fund Balance at Beginning of Year	258,296	258,296	-
Fund Balance at End of Year	\$ 271,101	\$ 281,920	\$ 10,819

Caddo Parish Fire District Number Eight

Notes to Financial Statements
December 31, 1995 and 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

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 sheets. 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.

Caddo Parish Fire District Number Eight

Notes to Financial Statements December 31, 1995 and 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Bad Debts - Uncollectible amounts due for ad valorem 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. No provision for parcel fees receivable has been deemed necessary.

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 AND INVESTMENTS:

The cash balances of each fund at December 31, 1995 were comprised of the following:

	<u>Cash and Checking Accounts</u>	<u>Interest- Bearing Accounts</u>	<u>Total</u>
General Fund	\$ 25,298	\$ 21,029	\$ 46,327
Debt Service Fund	-	79,896	79,896
Total	<u>\$ 25,298</u>	<u>\$ 100,925</u>	<u>\$ 126,223</u>

The cash balances of each fund at December 31, 1994 were comprised of the following:

	<u>Cash and Checking Accounts</u>	<u>Interest- Bearing Accounts</u>	<u>Total</u>
General Fund	\$ 18,455	\$ 15,445	\$ 33,900
Debt Service Fund	-	60,816	60,816
Total	<u>\$ 18,455</u>	<u>\$ 76,261</u>	<u>\$ 94,716</u>

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 and 1994, all bank deposits were covered by pledged collateral and federal depository insurance.

For the years ended December 31, 1995 and 1994, the district invested only in U.S. obligations. As of December 31, 1995 and 1994, the General Fund had investments consisting of a U.S. Treasury Note with carrying values of \$100,525 (\$98,187 market) and \$100,700 (\$92,500 market), respectively.

(Continued)

Caddo Parish Fire District Number Eight

Notes to Financial Statements December 31, 1995 and 1994

2. CASII AND INVESTMENTS: (Continued)

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or by its agent in the District's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

Description	Category			Carrying Amount	Market Value
	1	2	3		
U. S. Treasury Notes:					
December 31, 1995	\$ 100,000	\$	\$	\$ 100,525	\$ 98,187
December 31, 1994	\$ 100,000	\$	\$	\$ 100,700	\$ 92,500

3. PROPERTY TAXES AND PARCEL FEES:

Property taxes are levied by the District on property values assessed by the State of Louisiana Tax Commission. In an election on October 11, 1989, the voters approved the levy of property taxes. The District levies taxes on real and business personal property within its boundaries. Property taxes attach as an enforceable lien on property as of January 1 of each year. 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 year ended December 31, 1995 and 1994, taxes of 13 mills were levied on property with assessed valuations totaling \$15,129,040 and \$15,323,050 respectively and were dedicated for the retirement of the general obligation bonds. Total taxes levied at December 31, 1995 and 1994 were \$181,548 and \$183,877.

The voters also approved the levying of a \$50 parcel fee per structure to fund the operations and maintenance of the District. Total parcel fees levied at December 31, 1995 and 1994 were \$136,446 and \$138,093 respectively.

4. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	Balance January 1, 1994	Additions	Balance December 31, 1994	Additions	Balance December 31, 1995
Land	\$ 25,000	\$	\$ 25,000	\$	\$ 25,000
Buildings	675,009		675,009		675,009
Equipment	213,295		213,295		213,295
Vehicles	462,656		462,656	13,246	475,902
Total	\$ 1,375,960	\$ -	\$ 1,375,960	\$ 13,246	\$ 1,389,206

Caddo Parish Fire District Number Eight

Notes to Financial Statements December 31, 1995 and 1994

5. LONG-TERM DEBT:

In an election held on October 11, 1989, the voters authorized the issuance of \$1,325,000 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 May 15, 1990, and are payable in annual principal installments of \$15,000 to \$145,000 with interest paid semi-annually at rates ranging from 12% to 6.4%.

A summary of change in general long-term obligations is as follows:

Balance, January 1, 1994	\$ 1,200,000
Debt retirements	<u>65,000</u>
Balance, December 31, 1994	1,135,000
Debt retirements	<u>70,000</u>
Balance, December 31, 1995	<u>\$ 1,065,000</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	\$ 145,198
1997	145,120
1998	144,632
1999	148,555
2000	146,875
2001-2005	<u>745,867</u>
Total	1,476,247
Less interest	<u>411,247</u>
Outstanding principal	<u>\$ 1,065,000</u>

6. RETIREMENT COMMITMENTS:

Firefighters' Retirement System

- A. **Plan Description** - All full-time firefighters who earn at least \$375 per month excluding supplemental pay, except those in Orleans, Lafayette, or East Baton Rouge Parishes, are eligible to receive retirement benefits from this plan.

The plan provides retirement benefits, a deferred retirement option plan, and death and disability benefits. A member shall be eligible for regular retirement if he has 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Benefits vest after the members have attained both the age and the years of service requirements which entitle them to regular retirement benefits. Any member who meets the eligibility requirements for regular retirement pay may elect to receive his benefit in an equal retirement allowance payable throughout life, equal to 3 1/3% of his average final compensation based on the 36 months of highest pay multiplied by their total years of service, not to exceed 100%, or he may elect to receive a reduced monthly retirement allowance payable under four other option plans.

(Continued)

Caddo Parish Fire District Number Eight

Notes to Financial Statements
December 31, 1995 and 1994

6. RETIREMENT COMMITMENTS: (Continued)

Act 475 of 1984 established a unique plan by which members of this system could "retire," yet continue employment and defer receipt of retirement benefits until their employment is terminated. In lieu of terminating employment and accepting a service retirement allowance, any member of this system who has at least 20 years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the deferred retirement option plan for up to two years and defer the receipt of benefits until he terminates employment.

Disability and survivors' benefits are also provided through this system. Any member under the age of 50 at the time of disability will receive a benefit in accordance with the type of disability. Any member who is 50 or older at the time of disability will receive the greater of his regular retirement allowance based on his creditable years of service or the appropriate benefit for the type of disability incurred.

Survivor benefits are payable to the surviving spouse and for surviving minor children of a deceased member and for surviving minor children of a deceased active contributing member or a deceased disability retiree. If the surviving spouse remarries, the benefit shall cease. Benefits are determined by state statute.

The Fire District's covered payroll for 1995 and 1994 was \$45,406 and \$44,945 respectively. The Fire District's payroll for 1995 and 1994 was \$47,771 and \$47,310 respectively.

- B. Contributions Required and Made** - Employees of the District are required to pay 8% of their compensation to the Plan. The District makes annual contributions equal to the amount required by state statutes. During 1995 and 1994, the District was required to contribute 9% of its gross payroll to the Plan. Total contributions were \$4,573 and \$4,781 for the years ended December 31, 1995 and 1994.
- C. Funding Status and Progress** - The amount of the total pension benefit obligation is based on a standardized measurement established by GASB - 5 that with some exceptions, must be used by a public retirement system. The standardized measurement is the actuarial present value of credited projected benefits.

This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among other PERS and among other employers.

Total unfunded pension benefit obligation (in millions) of the Firefighters' Retirement System as of June 30, 1995 was as follows:

Total pension benefit obligations	\$ 392.7
Net assets available for pension benefits, at cost (market value is \$366.5)	<u>352.4</u>
Unfunded pension benefit obligation	<u>\$ (40.3)</u>

Caddo Parish Fire District Number Eight

Notes to Financial Statements December 31, 1995 and 1994

6. RETIREMENT COMMITMENTS: (Continued)

The measurement of the total pension benefit obligation is based on an actuarial evaluation as of June 30, 1995. Net assets available to pay pension benefits were valued as of the same date.

The Fire District's 1995 and 1994 contributions to the state PERS represents .11% and .15% respectively of the total current year actuarially determined contribution requirements for all employers covered by the pension plan.

Ten-year historical trend information is presented in the Firefighters' Retirement System Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

- D. Related Party Investments - During 1995 and 1994, the state PERS held no securities issued by the Fire District or other related parties.

7. PER DIEM PAID TO BOARD MEMBERS:

Caddo Parish Fire District Number Eight has a voluntary board, therefore no per diem amounts were paid during this period.

8. 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.

9. RELATED PARTY TRANSACTIONS:

Procedures, observations, and inquiries did not disclose any material related party transactions for the years ended December 31, 1995 and 1994.

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 Eight

We have audited the general purpose financial statements of Caddo Parish Fire District Number Eight, 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 June 4, 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 Eight 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 Eight, 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.

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 LLP
Certified Public Accountants

June 4, 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 Eight

We have audited the general purpose financial statements of Caddo Parish Fire District Number Eight, 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 June 4, 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 Eight is the responsibility of Caddo Parish Fire District Number Eight'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 Eight'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 LLP
Certified Public Accountants

June 4, 1996