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**CADDO PARISH DISTRICT NO. 1
Bossier, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1997**

With Supplemental Information Schedule

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.

MAR 18 1998

Release Date _____



CADDO FIRE DISTRICT NO. 1
Blanchard, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1997
With Supplemental Information Schedule

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Independent Auditor's Report

**BOARD OF COMMISSIONERS
CADDOPARISH DISTRICT NO. 1
Bossier, Louisiana**

I have audited the general purpose financial statements of Caddo Fire District No. 1, a component unit of the Caddo Parish Commission, as of December 31, 1997, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Caddo Fire District No. 1's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Caddo Fire District No. 1 as of December 31, 1997, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Caddo Fire District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

**VERNON COON
MEMBER OF CERTIFIED
PUBLIC ACCOUNTANTS**

**SOCIETY OF ACCOUNTANTS
MEMBER OF CERTIFIED
ACCOUNTANTS**

**PROFESSIONAL LETTER TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL MANAGEMENT**

**110 PROFESSIONAL DRIVE,
WEST MONROE,
LOUISIANA 71291
PHONE 225-235-8101
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FAX 225-235-8100**

BOARD OF COMMISSIONERS
CADDO FIRE DISTRICT NO. 1
Mandeville, Louisiana
Independent Auditor's Report,
December 31, 1997

In accordance with Government Auditing Standards, I have also issued a report dated March 10, 1998 on my consideration of Caddo Fire District No. 1's internal control structure and a report dated March 10, 1998 on its compliance with laws and regulations.



West Monroe, Louisiana
March 10, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

CADDO FIRE DISTRICT NO. 1
Monarch, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1997

	GOVERNMENTAL ...FUND TYPE... GENERAL FUND	ACCOUNT GROUPS GENERAL FUND ASSETS	TOTAL MEMORANDUM (ONLY)
ASSETS AND OTHER DEBITS			
Cash	554,164		554,164
Investments	324,481		324,481
Receivables:			
Ad valorem taxes	402,448		402,448
State revenue sharing	42,053		42,053
Land, buildings, and equipment		1,556,395	1,556,395
TOTAL ASSETS AND	1,323,146	1,556,395	2,879,541
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	518,004		518,004
Due to other agencies	1,219		1,219
Total Liabilities	519,223	NONE	520,223
Fund Equity:			
Investment in general fixed assets		1,556,395	1,556,395
Fund balance - Unreserved - undesignated	803,923		803,923
Total Fund Equity	803,923	1,556,395	2,360,318
TOTAL LIABILITIES AND FUND EQUITY	1,323,146	1,556,395	2,879,541

The accompanying notes are an integral part of this statement.

CADDO FISH DISTRICT NO. 1
Bossier, Louisiana
GOVERNMENTAL FUND TYPE

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance**
For the Year Ended December 31, 1997

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GENERAL-FUND (2043)
REVENUES			
All revenues from			
Intergovernmental revenue - state funds	\$293,660		\$293,660
State revenue sharing (net)	40,827		40,827
Fine insurance rebate	18,672		18,672
Use of money and property	23,478	\$1,124	24,602
Other revenues	8,000		8,000
Total revenues	<u>404,637</u>	<u>1,124</u>	<u>405,761</u>
EXPENDITURES			
Current - public safety:			
Personnel services and related benefits	243,124		243,124
Operating services	66,761		66,761
Material and supplies	13,098		13,098
Travel and other	1,009		1,009
Debt service		94,965	94,965
Capital outlay	143,623		143,623
Total expenditures	<u>468,215</u>	<u>94,965</u>	<u>563,180</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	16,117	(93,841)	(77,724)
OTHER FINANCING SOURCE			
Insurance proceeds	<u>30,940</u>		<u>30,940</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	47,057	(93,841)	(46,784)
FUND BALANCES AT BEGINNING OF YEAR			
Residual equity transfer	355,685	94,922	450,607
	1,081	(3,081)	(1,999)
FUND BALANCES AT END OF YEAR	<u>\$402,742</u>	<u>\$61,000</u>	<u>\$463,742</u>

The accompanying notes are an integral part of this statement.

CADDO FIRE DISTRICT NO. 1
Bossier, Louisiana
GOVERNMENTAL FUND TYPE -
GENERAL FUND

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

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
All other revenues	1791,000	1791,663	663
Intra-governmental revenues - state funds:			
State revenue sharing (net)	41,862	41,823	(39)
Fire insurance rebate	18,699	18,672	(27)
Use of money and property	21,290	21,479	189
Other revenues	6,870	8,897	1,447
Total revenues	<u>443,561</u>	<u>443,534</u>	<u>401</u>
EXPENDITURES			
Current - public safety:			
Personnel services and related benefits	216,744	241,134	24,390
Operating services	444,161	66,761	177,400
Material and supplies	15,700	15,838	2,642
Travel and other	1,830	1,839	91
Capital outlay	111,515	145,415	33,897
Total expenditures	<u>822,950</u>	<u>492,977</u>	<u>330,411</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(379,389)</u>	<u>16,317</u>	<u>395,466</u>
OTHER FINANCING SOURCE			
Inventories proceeds		20,840	20,840
END OF DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	<u>(379,389)</u>	<u>37,157</u>	<u>414,394</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>776,066</u>	<u>769,660</u>	<u>399,617</u>
Residual equity transfer	1,040	1,040	
FUND BALANCE AT END OF YEAR	<u>167,677</u>	<u>546,157</u>	<u>378,480</u>

The accompanying notes are an integral part of this statement.

CADDO FIRE DISTRICT NO. 1
Blanchard, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1977

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Caddo Fire District No. 1 was created by the Caddo Parish Commission (formerly Caddo Parish Police Jury), as authorized by Louisiana Revised Statute 40:1492, on October 6, 1962, by ordinance number 2004. The district is governed by a five member board appointed by the commission, the Town of Blanchard, and by the board. Board members receive compensation as provided for by law. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the Caddo Parish Commission for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the commission to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the commission.

CADDO FIRE DISTRICT NO. 1

Blanchard, Louisiana

Notes to the Financial Statements (Continued)

2. Organizations for which the commission does not appoint a voting majority but are fiscally dependent on the commission.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the commission created the district, appoints certain commissioners of the district, and has the ability to impose its will on the district, the district was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the commission, the general government services provided by that governmental unit, or the other governmental units that comprise the Caddo Parish financial reporting entity.

II. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by separating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of 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 (general fund assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, when the focus of attention is on the providing of services to the public as opposed to proprietary funds when the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental fund types. The governmental fund types of the district are described as follows:

General Fund

The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by an ad valorem tax approved by voters of the district, state fire insurance rebates, state revenue sharing, and interest earnings on investments.

Debt Service Fund

The debt service fund is used to account for the retirement of principal and interest of the district's bonded debt. Funding is provided by an ad valorem tax and interest earnings on investments. The bonds serviced by this fund were fully paid in 1997 and the remaining funds were transferred to the General Fund.

C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets. Approximately 84 per cent of general fixed assets are valued at actual historical cost while the remaining 16 per cent are valued at estimated cost, based on the actual historical cost of like items.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

Long-term debt expected to be financed from governmental funds is accounted for in the general long-term debt account group, not in the governmental funds.

D. BASIS OF ACCOUNTING

The 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 for 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 for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized 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 uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:199 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the current year.

Other intergovernmental revenues are recorded when the district is entitled to the funds.

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

Based on the above criteria, ad valorem taxes, state revenue sharing, and other intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

A preliminary budget for the coming year is prepared by the fire chief prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditures. Encumbrance accounting is not used by the district. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

F. CASH

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1997, the district has cash (book balances) totaling \$54,164 as follows:

Demand deposits	\$54,014
petty cash	<u>150</u>
Total	<u>\$54,164</u>

CAJDO FIRE DISTRICT NO. 1

Blanchard, Louisiana

Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or collateral bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1997, total \$63,347 and are fully secured by federal deposit insurance.

G. INVESTMENTS

Under state law, the fire district may invest funds in obligations of the United States, in federally insured investments, or in time deposits with banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1997, the fire district has investments in United States government securities totaling \$324,481. The investments are stated at cost, which approximates market.

Because the investments are federally insured and held by the fire district's agent in the fire district's name, they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106.

II. TOTAL COLUMN ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (Overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CADDO FIRE DISTRICT NO. 1
 Blanchard, Louisiana
 Notes to the Financial Statements (Continued)

2. LEVIES TAXES

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
District taxes:			
Operation and maintenance	10.00	10.06	1997
Operation and maintenance	5.92	5.92	2000

The difference between authorized and levied millages is the result of reassessments of taxable property in the district, as required by Article VII, Section 18, of the Louisiana Constitution of 1974.

3. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended December 31, 1997:

	<u>Balance at January 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 1997</u>
Land and improvements	580,379			580,379
Buildings	610,425			610,425
Office equipment	18,587	52,799	(51,189)	21,206
Fire-fighting equipment	725,785	143,763	(24,181)	844,385
Total	<u>\$1,934,176</u>	<u>\$196,580</u>	<u>(152,351)</u>	<u>\$1,978,395</u>

Included in additions, are assets valued at \$135 donated by the fire district auxiliary organization.

4. PENSION PLAN

Substantially all employees of Caddo Fire District No. 1 are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees.

CADDO FIRE DISTRICT NO. 1

Blanchard, Louisiana

Notes to the Financial Statements (Continued)

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1988, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of creditable service not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-6060.

Funding Policy. Plan members are required by state statute to contribute 8.0 per cent of their annual covered salary and Caddo Fire District No. 1 is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and Caddo Fire District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Caddo Fire District No. 1's contributions to the system for the years ended December 31, 1997, 1996, and 1995, were \$14,644, \$13,123, and \$12,153, respectively, equal to the required contributions for each year.

**8. CHANGES IN GENERAL
LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 1997:

CAJDO FIRE DISTRICT NO. 1
 Blanchard, Louisiana
 Notes to the Financial Statements (Continued)

General obligation bonds payable at January 1, 1997	\$80,000
Reductions	<u>(80,000)</u>
General obligation bonds payable at December 31, 1997	<u>NONE</u>

7. LITIGATION AND CLAIMS

At December 31, 1997, the fire district is involved in one lawsuit. It is the opinion of management that resolution of the lawsuit will not result in any material liability to the fire district.

8. RESTATEMENT OF FUND BALANCE

The December 31, 1996 fund balance of the debt service fund has been restated to reflect correction of errors in prior year receivables and payables. The following reconciles fund balances of the debt service fund as previously reported to beginning fund balance as presented on Statement B:

Fund balance as previously reported	\$100,696
Correction of prior year receivables	(5,762)
Correction of prior year payables	<u>(12)</u>
Fund balance at January 1, 1997, restated	<u>\$84,922</u>

SUPPLEMENTAL INFORMATION SCHEDULE

CADDO FIRE DISTRICT NO. 1
Monchard, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1997

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 48:1498, the commissioners receive \$30 per board meeting attended, not to exceed two meetings in any one calendar month.

CALDOO FIRE DISTRICT NO. 1
Blanchard, LouisianaSchedule of Compensation Paid Commissioners
For the Year Ended December 31, 1997

Charles Strickland	\$330
Don Jones	350
Les Ralph	360
Jimmy Walker	360
Sam Houston	300
Total	<u>\$1,650</u>

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations and contracts and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on
Compliance With Laws and Regulations**

**BOARD OF COMMISSIONERS
CADDO FIRE DISTRICT NO. 1
Blandard, Louisiana**

I have audited the general purpose financial statements of Caddo Fire District No. 1, a component unit of the Caddo Parish Commission as of December 31, 1997, and for the year then ended, and have issued my report thereon dated March 10, 1998.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to Caddo Fire District No. 1 is the responsibility of the fire district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of Caddo Fire District No. 1's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the board of commissioners of Caddo Fire District No. 1 and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.

West Monroe, Louisiana
March 10, 1998



**Independent Auditor's Report
on Internal Control Structure**

**BOARD OF COMMISSIONERS
CADDO FIRE DISTRICT NO. 1
Blanchard, Louisiana**

I have audited the general purpose financial statements of Caddo Fire District No. 1, a component unit of the Caddo Parish Commission as of December 31, 1997, and for the year then ended, and have issued my report thereon dated March 30, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. These standards and the audit guide require that I 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 Fire District No. 1, 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 my audit of the general purpose financial statements of Caddo Fire District No. 1 for the year ended December 31, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

VERNON R. COON
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

QUALITY IN ACCOUNTING
EXCELLENCE IN SERVICE
ASSURANCE

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BOARD OF COMMISSIONERS
CADDO FIRE DISTRICT NO. 1
Bossier, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1997

My 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners of Caddo Fire District No. 1 and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
March 10, 1998