

Fire Protection District No. 3
Beauregard Parish Police Jury
State of Louisiana

Annual Financial Statements
With Independent Auditor's Report

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Fire Protection District No. 3
Parish of Beauregard
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of Beauregard, Louisiana a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of Beauregard, Louisiana as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and budgetary comparison information, on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire Protection District No. 3 of the Parish of Beauregard, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Members of the Board of Commissioners
Fire Protection District No. 3
Parish of Beauregard
State of Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2020, on our consideration of Fire Protection District No. 3 of the Parish of Beauregard, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fire Protection District No. 3 of the Parish of Beauregard, Louisiana's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jermell Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
June 2, 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 212,302
Ad valorem tax receivable	214,320
Capital assets not being depreciated	25,303
Capital assets being depreciated - net	<u>1,212,257</u>
 Total assets	 <u><u>\$ 1,664,182</u></u>
LIABILITIES	
Accounts payable	\$ 6,615
Payroll taxes payable	342
Pension payable - ad valorem tax	9,469
Unclaimed property payable	3,517
Accrued interest payable	6,264
Long-term liabilities:	
Due within one year	41,372
Due in more than one year	<u>635,836</u>
 Total liabilities	 <u><u>\$ 703,415</u></u>
NET POSITION	
Net investment in capital assets	\$ 560,352
Unrestricted	<u>400,415</u>
 Total net position	 <u><u>\$ 960,767</u></u>
 Total liabilities and net position	 <u><u>\$ 1,664,182</u></u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended December 31, 2019

Program Activities	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
Governmental activities:			
Public safety	\$ 330,323	\$ 1,500	\$ (328,823)
General revenues:			
Taxes:			
Ad valorem taxes			\$ 256,737
Insurance premium tax			16,771
Investment earnings			919
Insurance proceeds			15,410
Miscellaneous			752
Total general revenues			<u>\$ 290,589</u>
Change in net position			\$ (38,234)
Net position at beginning of year			<u>999,001</u>
Net position at end of year			<u><u>\$ 960,767</u></u>

The accompanying notes are an integral part of this statement.

Balance Sheet
 Governmental Funds
 December 31, 2019

	<u>Major Fund</u>
	<u>General Fund</u>
ASSETS	
Assets:	
Cash and cash equivalents	\$ 212,302
Ad valorem tax receivable	214,320
	<hr/>
Total assets	\$ 426,622
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 6,615
Payroll taxes payable	342
Pension payable - ad valorem tax	9,469
Unclaimed property payable	3,517
	<hr/>
Total liabilities	\$ 19,943
	<hr/>
Fund Balances:	
Unassigned	\$ 406,679
	<hr/>
Total liabilities and fund balances	\$ 426,622
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2019

Total fund balance - total governmental funds		\$ 406,679
Amounts reported for governmental activities in the statement of net position are different because:		
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(6,264)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		1,237,560
Long-term liabilities including capital leases payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Due within one year	\$ (41,372)	
Due in more than one year	<u>(635,836)</u>	<u>(677,208)</u>
Net position of governmental activities		<u><u>\$ 960,767</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2019

	<u>Major Fund</u>
	<u>General Fund</u>
Revenues	
Taxes:	
Ad valorem	\$ 256,737
Insurance premium tax	16,771
Intergovernmental:	
Local grant	1,500
Investment income	919
Miscellaneous	752
Total revenues	<u>\$ 276,679</u>
Expenditures	
Current operating:	
Public safety	\$ 184,608
Capital outlay	39,823
Debt service:	
Principal payment	39,876
Interest expense	26,900
Total expenditures	<u>\$ 291,207</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (14,528)</u>
Other financing sources:	
Insurance proceeds	<u>\$ 15,410</u>
Net change in fund balance	\$ 882
Fund balances at beginning of year	<u>405,797</u>
Fund balances at end of year	<u><u>\$ 406,679</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$ 882
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	39,823
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(119,183)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of capital lease repayments.	39,876
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest from prior year.	<u>368</u>
Change in net position of governmental activities	<u>\$ (38,234)</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Fire Protection District No. 3

Notes to the Financial Statements As of and for the Year Ended December 31, 2019

INTRODUCTION

Fire Protection District No. 3, of the Parish of Beauregard, Louisiana was established through the adoption of a resolution, Ordinance No. 5-78, dated May 9, 1978, by the Beauregard Parish Police Jury, State of Louisiana. Fire Protection District No. 3A, of the Parish of Beauregard, Louisiana was separated from Fire Protection District No. 3, of the Parish of Beauregard, Louisiana by a resolution of the Beauregard Parish Police Jury, State of Louisiana on April 11, 1989. The two districts were then merged on May 11, 2004 by Ordinance 01-2004 of the Beauregard Parish Police Jury, State of Louisiana. The District provides fire protection and safety for Wards Seven and Eight of Beauregard Parish, Louisiana. A board of five commissioners appointed by the Beauregard Parish Police Jury, State of Louisiana, governs the District and are not compensated for their services. Two contracted individuals and one employee handle the administrative and clerical duties of the District and the rest of the District are volunteers. The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Government Units*.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Fire Protection District No. 3, of the Parish of Beauregard, Louisiana is considered a component unit of the Beauregard Parish Police Jury, State of Louisiana. As a component unit, the accompanying financial statements are included within the reporting of the primary government, whether blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fire Protection District No. 3

Notes to the Financial Statements (Continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

The General Fund is the District’s primary operating fund. It accounts for all financial resources, except for those required to be accounted for in another fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

The District has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

C. Deposits and Investments

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District’s investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

The District levies taxes on real and business personal property located within the boundaries of the District. Property taxes are levied by the District on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes are due	December 31, 2019
Penalties & interest due	January 31, 2020
Lien date	January 31, 2020
Tax sale	May 15, 2020

Property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff’s sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established.

Fire Protection District No. 3

Notes to the Financial Statements (Continued)

For the year ended December 31, 2019, taxes of 23.41 mills were levied on property with an assessed valuation totaling \$11,280,737, and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General maintenance	23.41	23.41	December 31, 2026

The following are the principal taxpayers and related property tax revenue for the District:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
Beauregard Electric Co-op	Electricity	\$ 1,040,902	9.22%	\$ 24,368
Crosby Land & Resources, L.L.C.	Timber	868,166	7.70%	20,324
Total		<u>\$ 1,909,068</u>	<u>16.92%</u>	<u>\$ 44,692</u>

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

According to GASB 34 Fire Protection District No. 3, of the Parish of Beauregard, Louisiana was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements	20-40 years
Buildings	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-20 years
Machinery and equipment	5-20 years

F. Compensated Absences

The District does not allow and has no written policy relating to compensated absences.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position.

Notes to the Financial Statements (Continued)

The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund Balances

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items as of December 31, 2019.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The District uses the following budget practices:

1. The secretary prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
4. All budgetary appropriations lapse at the end of each fiscal year
5. The budget for the General Fund is 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. Such amendments were not material in relation to the original appropriations.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2019.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 223,751	\$ 287,000	\$ 291,207	\$ (4,207)

Fire Protection District No. 3

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At December 31, 2019, the District had cash and cash equivalents (book balances) totaling \$212,302 as follows:

Time deposits	\$ 115,360
NOW account	95,242
Petty cash	1,700
Total	<u>\$ 212,302</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2019, the District had \$213,560 in deposits (collected bank balances). These deposits are secured from risk by \$213,560 federal deposit insurance.

4. RECEIVABLES

The receivables of \$214,320 at December 31, 2019, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>
Taxes:	
Ad valorem	<u>\$ 214,320</u>

Fire Protection District No. 3

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2019, for the District is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 25,303	\$ -	\$ -	\$ 25,303
Capital assets being depreciated				
Buildings	\$ 377,016	\$ -	\$ -	\$ 377,016
Improvements	13,720	8,875	-	22,595
Machinery and equipment	620,375	29,223	-	649,598
Furniture and fixtures	2,669	-	-	2,669
Vehicles	1,392,442	1,725	-	1,394,167
Total capital assets being depreciated	\$ 2,406,222	\$ 39,823	\$ -	\$ 2,446,045
Less accumulated depreciation for:				
Buildings	\$ 128,359	\$ 11,696	\$ -	\$ 140,055
Improvements	3,332	717	-	4,049
Machinery and equipment	491,207	36,478	-	527,685
Furniture and fixtures	2,669	-	-	2,669
Vehicles	489,038	70,292	-	559,330
Total accumulated depreciation	\$ 1,114,605	\$ 119,183	\$ -	\$ 1,233,788
Total capital assets being depreciated, net	\$ 1,291,617	\$ (79,360)	\$ -	\$ 1,212,257

Depreciation expense of \$119,183 for the year ended December 31, 2019, was charged to the following governmental functions:

Public safety	\$ 119,183
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6. ACCOUNTS AND OTHER PAYABLES

The payables of \$26,207 at December 31, 2019 are as follows:

	General Fund
Payroll taxes	\$ 342
Accounts	6,615
Pension - Ad Valorem Tax	9,469
Unclaimed property payable	3,517
Accrued interest	6,264
Total	\$ 26,207

Fire Protection District No. 3

Notes to the Financial Statements (Concluded)

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2019:

	<u>Capital Lease Two Fire Trucks</u>
Capital lease payable, January 1, 2019	\$ 717,083
Additions	-
Principal payments	<u>(39,875)</u>
Capital lease payable, December 31, 2019	<u>\$ 677,208</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2019:

	<u>Capital Lease Two Fire Trucks</u>
Current portion	\$ 41,372
Long-term portion	<u>635,836</u>
Total	<u>\$ 677,208</u>

Capital lease payable at December 31, 2019 is comprised of the following individual issue:

Capital lease – Two Fire Trucks:	
\$755,517 Capital Lease, dated October 2, 2017 due in annual installments of	
\$66,776 beginning October 2, 2018 through October 2, 2032;	
interest at 3.25%.	<u>\$677,208</u>

The annual requirements to amortize all debt outstanding as of December 31, 2019, including interest payments of \$190,876 are as follows:

<u>Year Ending</u>	<u>Capital Lease Two Fire Trucks</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 41,372	\$ 25,404	\$ 66,776
2021	42,924	23,852	66,776
2022	44,534	22,242	66,776
2023	46,204	20,572	66,776
2024	47,938	18,838	66,776
2025-2029	268,050	65,828	333,878
2030-2032	<u>186,186</u>	<u>14,140</u>	<u>200,326</u>
Totals	<u>\$ 677,208</u>	<u>\$ 190,876</u>	<u>\$ 868,084</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 246,000	\$ 256,440	\$ 256,737	\$ 297
Insurance premium tax	16,600	16,770	16,771	1
Intergovernmental:				
Local grant	-	1,500	1,500	-
Miscellaneous	304	190	752	562
Investment income	1,010	920	919	(1)
Total revenues	<u>\$ 263,914</u>	<u>\$ 275,820</u>	<u>\$ 276,679</u>	<u>\$ 859</u>
Expenditures				
Current operating:				
Public safety	\$ 152,475	\$ 197,920	\$ 184,608	\$ 13,312
Capital outlay	4,500	22,300	39,823	(17,523)
Debt service:				
Principal payment	39,876	39,880	39,876	4
Interest expense	26,900	26,900	26,900	-
Total expenditures	<u>\$ 223,751</u>	<u>\$ 287,000</u>	<u>\$ 291,207</u>	<u>\$ (4,207)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 40,163</u>	<u>\$ (11,180)</u>	<u>\$ (14,528)</u>	<u>\$ (3,348)</u>
Other financing sources:				
Insurance proceeds	<u>\$ -</u>	<u>\$ 15,410</u>	<u>\$ 15,410</u>	<u>\$ -</u>
Net change in fund balance	\$ 40,163	\$ 4,230	\$ 882	\$ (3,348)
Fund balances at beginning of year	<u>410,138</u>	<u>405,797</u>	<u>405,797</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 450,301</u></u>	<u><u>\$ 410,027</u></u>	<u><u>\$ 406,679</u></u>	<u><u>\$ (3,348)</u></u>

OTHER SUPPLEMENTAL INFORMATION

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head Name - L.D. Spears

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

There was no compensation, benefits or other payments to agency head.

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2019

There were no prior year audit findings for the year ending December 31, 2018.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2019

Finding – Financial Statement Audit

Audit Finding No. 2019-1

Ethics Requirement Not Met

Condition: Not all of the board members of the District met the one hour requirement training on the Code of Governmental Ethics.

Criteria: As of January 1, 2012 all public employees are required by R.S. 42:1170 to complete one hour per year training on the Code of Governmental Ethics.

Cause and Condition: This was an oversight by the board members that did not get the one hour ethics course completed during the year, and a lack of monitoring contributed to the oversight.

Effect of Condition: Violation of R.S. 42:1170.

Recommendation: We recommend that all board members of the District take the required one hour ethics training each year and that the Clerk monitor the board members' compliance.



Beauregard Parish Fire District # 3
Mailing Address: P.O. Box 340 Dry Creek, LA. 70637
Billing Address: P.O. Box 92 DeRidder, LA. 70634
Physical Address: 5691 Hwy. 26 DeRidder, LA. 70634
District Phone: 337-401-4449 District Fax 1-866-611-9501

June 29, 2020

Attn: Daryl B. Purpera, CPA, CFE
Louisiana Legislative Order
1600 North Third Street
P O Box 94397
Baton Rouge LA 70804-9397

Dear Mr. Purpera:

We are now aware that not all of the members of the District completed the one hour required training on the Code of Governmental Ethics.

This was on oversight by the board. All members will be informed and monitored to assure compliance in the future.

If you should have any questions, or need additional information, please do not hesitate to call.

Respectfully,

A handwritten signature in blue ink that reads 'Tammy Wilson'.

Tammy Wilson
Secretary

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Members of the Board of Commissioners
Fire Protection District No. 3
Parish of Beauregard
State of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of Beauregard, Louisiana as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Fire Protection District No. 3 of the Parish of Beauregard, Louisiana's basic financial statements, and have issued our report thereon dated June 2, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire Protection District No. 3, of the Parish of Beauregard, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire Protection District No. 3 of the Parish of Beauregard, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire Protection District No. 3 of the Parish of Beauregard, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 3, of the Parish of Beauregard, Louisiana’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management’s response as Audit Finding No. 2019-1.

Fire Protection District No. 3, of the Parish of Beauregard, Louisiana’s Response to Findings

Fire Protection District No. 3, of the Parish of Beauregard, Louisiana’s response to the findings identified in our audit is described in the accompanying schedule of current year audit findings and management’s response. Fire Protection District No. 3, of the Parish of Beauregard, Louisiana’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DeRidder, Louisiana
June 2, 2020