

Fire Protection District No. 1
Beauregard Parish Police Jury
State of Louisiana

Annual Financial Statements
With Independent Auditor's Report

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2018, 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 entity'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 entity'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 each major fund of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana as of December 31, 2018, 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 the management's discussion and analysis, budgetary comparison information, schedule of the district's proportionate share of the net pension liability and schedule of district's pension contribution on pages 25 through 27 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 the 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 the Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's basic financial statements. The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate 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 per diem paid to board members and schedule of compensation, benefits and other payments to agency head are 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. 1
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 April 22, 2019, on our consideration of Fire Protection District No. 1, Parish of Beauregard, State of 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. 1, Parish of Beauregard, State of 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
April 22, 2019

BASIC FINANCIAL STATEMENTS

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Statement A

Statement of Net Position
 December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,242,050
Receivables:	
Ad valorem taxes	517,881
Capital assets not being depreciated	23,949
Capital assets being depreciated, net	1,310,995
Total assets	\$ 3,094,875
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	\$ 34,892
Total assets and deferred outflows of resources	\$ 3,129,767
LIABILITIES	
Accounts payable	\$ 7,134
Payroll taxes payable	2,443
Retirement payable	2,255
Pension payable - ad valorem tax	18,029
Accrued interest payable	15,598
Long term liabilities:	
Due within one year	173,672
Due in more than one year	540,731
Total liabilities	\$ 759,862
DEFERRED INFLOWS OF RESOURCES	
Pensions	\$ 18,057
Total liabilities and deferred inflows of resources	\$ 777,919
NET POSITION	
Net investment in capital assets	\$ 797,210
Unrestricted	1,554,638
Total net position	\$ 2,351,848
Total liabilities, deferred inflows of resources and net position	\$ 3,129,767

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Statement B

Statement of Activities
 For the Year Ended December 31, 2018

		Program Revenues	Net (Expenses) Revenues and Changes in Net Position
Program Activities	Expenses	Capital Grants and Contributions	Governmental Activities
Governmental activities:			
Public safety	\$ 564,405	\$ 3,197	\$ (561,208)
Interest on long term debt	15,598	-	(15,598)
	<u>\$ 580,003</u>	<u>\$ 3,197</u>	<u>\$ (576,806)</u>
General revenues:			
Taxes:			
Ad valorem taxes			\$ 504,255
Fire insurance tax			30,085
Investment earnings			24,854
Insurance proceeds			11,454
Sale of assets			7,366
Nonemployer pension revenue			7,972
Total general revenues			<u>\$ 585,986</u>
Change in net position			<u>\$ 9,180</u>
Net position at beginning of year			2,342,668
Net position at end of year			<u>\$ 2,351,848</u>

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Statement C

Balance Sheet
 Governmental Funds
 December 31, 2018

	Major Funds		Total Governmental Funds
	General Fund	Debt Service Fund	
ASSETS			
Cash and cash equivalents	\$ 1,208,894	\$ 33,156	\$ 1,242,050
Receivables:			
Ad valorem	517,881	-	517,881
Total assets	<u>\$ 1,726,775</u>	<u>\$ 33,156</u>	<u>\$ 1,759,931</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,134	\$ -	\$ 7,134
Payroll taxes payable	2,443	-	2,443
Retirement payable	2,255	-	2,255
Pension payable - ad valorem tax	18,029	-	18,029
Total liabilities	<u>\$ 29,861</u>	<u>\$ -</u>	<u>\$ 29,861</u>
Fund Balances:			
Unassigned	<u>\$ 1,696,914</u>	<u>\$ 33,156</u>	<u>\$ 1,730,070</u>
Total liabilities and fund balances	<u>\$ 1,726,775</u>	<u>\$ 33,156</u>	<u>\$ 1,759,931</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2018

Total fund balance - total governmental funds		\$	1,730,070
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.			1,334,944
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.			(15,598)
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.			34,892
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.			(18,057)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Due within one year	\$	(173,672)	
Due in more than one year		<u>(540,731)</u>	
			<u>(714,403)</u>
Net position of governmental activities		\$	<u><u>2,351,848</u></u>

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	Major Funds		Total Governmental Funds
	General Fund	Debt Service Fund	
Revenues			
Taxes:			
Ad valorem	\$ 504,255	\$ -	\$ 504,255
Fire insurance tax	30,085	-	30,085
Intergovernmental:			
Local grant	3,197	-	3,197
Investment income	24,688	166	24,854
Total revenues	\$ 562,225	\$ 166	\$ 562,391
Expenditures			
Current operating:			
Public safety	\$ 406,466	\$ 685	\$ 407,151
Capital outlay	182,076	-	182,076
Total expenditures	\$ 588,542	\$ 685	\$ 589,227
Excess (deficiency) of revenues over expenditures	\$ (26,317)	\$ (519)	\$ (26,836)
Other financing sources:			
Insurance proceeds	\$ 11,454	\$ -	\$ 11,454
Sale of assets	31,500	-	31,500
Total other financing sources	\$ 42,954	\$ -	\$ 42,954
Net change in fund balance	\$ 16,637	\$ (519)	\$ 16,118
Fund balances at beginning of year	1,680,277	33,675	1,713,952
Fund balances at end of year	\$ 1,696,914	\$ 33,156	\$ 1,730,070

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Statement F

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, 2018

Net change in fund balances - total governmental funds	\$	16,118
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.		182,076
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(24,134)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.		(1,743)
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.		(147,539)
Accrued interest on long term debt is not shown in the governmental funds.		<u>(15,598)</u>
Change in net position of governmental activities	\$	<u>9,180</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements
As of and for the Year Ending December 31, 2018

INTRODUCTION

Fire Protection District No. 1, Parish of Beauregard, State of Louisiana was established through the adoption of a resolution, Ordinance No. 3-78, dated May 9, 1978, by the Beauregard Parish Police Jury, State of Louisiana. The District provides fire protection and safety for Wards One, Two and Five of Beauregard Parish, Louisiana. A board of five commissioners appointed by the Beauregard Parish Police Jury, State of Louisiana, governs the district and are compensated for their services. Two employees 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. 1, Parish of Beauregard, State of Louisiana is considered a component unit of the Beauregard Parish Police Jury. 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.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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 funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources, except for those in another fund.

The Debt Service Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

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. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, and then unrestricted resources, as they are needed.

The District has not established a policy for use of the 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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivable are shown net of an allowance for collectibles.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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, 2018
Levy date	June 30, 2018
Tax bills mailed	October 15, 2018
Total taxes are due	December 31, 2018
Penalties & interest due	January 31, 2019
Lien date	January 31, 2019

For the year ended December 31, 2018, taxes of 5.94 mills were levied on property with an assessed valuation totaling \$89,233,852, and were dedicated as follows. Property taxes are levied on a calendar year basis and become due on January 1 each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General maintenance	5.94	5.94	Renewed Annually

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>
Boise Packaging & Newsprint L.L.C	Paper Products	\$ 36,048,920	40.40%	\$ 214,131
Pintail WI L.L.C.	Oil & Gas	8,806,834	9.87%	52,313
Perdido Energy Louisiana, L.L.C.	Oil & Gas	4,580,741	5.13%	27,210
Texegy Operating Co., LLC	Oil & Gas	6,536,812	7.32%	38,829
Total		\$ 55,973,307	62.72%	\$ 332,483

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 \$5,000 or more for capitalizing capital assets.

According to GASB 34 Fire Protection District No. 1, Parish of Beauregard, State of Louisiana was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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, 2018.

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.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

K. Economic Dependency

The District receives a substantial portion of its ad valorem tax revenue from Boise Packaging and Newsprint, L.L.C. During the year ended December 31, 2018, Fire District No. 1, Parish of Beauregard, State of Louisiana received \$214,131 in ad valorem tax revenue from Boise Packaging and Newsprint, L.L.C. which represents 35% of total revenue.

L. Restricted Net Position

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (FRS) and additions to/deductions from FRS's fiduciary net positions have been determined on the same basis as they are reported by FRS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing FRS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

N. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

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

Fire Protection District No. 1
Beauregard Parish Police Jury
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Notes to the Financial Statements (Continued)

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 funds have actual expenditures over budgeted appropriations for the year ended December 31, 2018.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 480,503	\$ 573,525	\$ 588,542	\$ 15,017

3. CASH AND CASH EQUIVALENTS

At December 31, 2018, the District has cash and cash equivalents (book balances) totaling \$1,242,050 as follows:

Insured cash account	\$ 1,727
Time deposits	810,000
Interest bearing demand deposits	39,779
Petty cash	200
Passbook savings	390,344
Total	\$ 1,242,050

The cash and cash equivalents of the Fire District No. 1, Parish of Beauregard, State of Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2018, the District has \$1,245,728 in deposits (collected bank balances). These deposits are secured from risk by \$1,101,505 of federal deposit insurance and \$144,223 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the District and are therefore properly collateralized.

4. RECEIVABLES

The receivables of \$517,881 at December 31, 2018, are as follows:

<u>Class of receivable</u>	General Fund
Taxes:	
Ad valorem	\$ 517,881

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, for the District is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 23,949	\$ -	\$ -	\$ 23,949
Capital assets being depreciated				
Buildings	\$ 432,611	\$ -	\$ -	\$ 432,611
Improvements	208,166	-	-	208,166
Machinery and equipment	1,734,598	25,461	-	1,760,059
Furniture and fixtures	5,173	-	-	5,173
Vehicles	1,241,204	694,349	113,567	1,821,986
Total capital assets being depreciated	<u>\$ 3,621,752</u>	<u>\$ 719,810</u>	<u>\$ 113,567</u>	<u>\$ 4,227,995</u>
Less accumulated depreciated for:				
Buildings	\$ 247,139	\$ 10,815	\$ -	\$ 257,954
Improvements	76,321	8,396	-	84,717
Machinery and equipment	1,590,102	27,035	-	1,617,137
Furniture and fixtures	5,173	-	-	5,173
Vehicles	940,159	101,293	89,433	952,019
Total accumulated depreciation	<u>\$ 2,858,894</u>	<u>\$ 147,539</u>	<u>\$ 89,433</u>	<u>\$ 2,917,000</u>
Total capital assets being depreciated, net	<u>\$ 762,858</u>	<u>\$ 572,271</u>	<u>\$ (24,134)</u>	<u>\$ 1,310,995</u>

Depreciation expense of \$147,539 for the year ended December 31, 2018, was charged to the following governmental functions:

Public safety	<u>\$ 147,539</u>
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6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$45,459 at December 31, 2018, are as follows:

	<u>General Fund</u>
Payroll taxes	\$ 2,443
Retirement	2,255
Accounts	7,134
Accrued interest	15,598
Pension	18,029
Total	<u>\$ 45,459</u>

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2018.

	Note Payable	Net Pension Liability	Total
Long-term obligations at beginning of year	\$ -	\$ 174,690	\$ 174,690
Additions	637,734	21,623	659,357
Principal payments	(100,000)	-	(100,000)
Reductions	-	(19,644)	(19,644)
Long-term obligations at end of year	<u>\$ 537,734</u>	<u>\$ 176,669</u>	<u>\$ 714,403</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, 2018:

	Note Payable	Net Pension Liability	Total
Current portion	\$ 173,672	\$ -	\$ 173,672
Long-term portion	364,062	176,669	540,731
Total	<u>\$ 537,734</u>	<u>\$ 176,669</u>	<u>\$ 714,403</u>

Note payable at December 31, 2018 is comprised of the following individual issue:

Note payable:

\$537,734 Note payable, dated February 1, 2018 due in annual installments of \$173,672 to \$184,884 beginning February 1, 2019 through February 1, 2021; interest at 3.17%

\$537,734

The annual requirements to amortize all debt outstanding as of December 31, 2018, including interest payments of \$34,448, are as follows:

Year Ending	Note Payable		Total
	Principal	Interest	
2019	\$ 173,672	\$ 17,046	\$ 190,718
2020	179,178	11,541	190,719
2021	184,884	5,861	190,745
Totals	<u>\$ 537,734</u>	<u>\$ 34,448</u>	<u>\$ 572,182</u>

8. RETIREMENT SYSTEM

The Firefighters' Retirement System of Louisiana is a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description

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 before January 1, 1980,

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

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 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and 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 or amended 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, PO Box 94095, Baton Rouge, LA, 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 10.00 percent of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll.

The contribution requirements of plan members and the district 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. The District's contributions to the System for the years ending December 31, 2018, 2017 and 2016 were \$19,644, \$18,662, and \$18,426, respectively equal to the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District reported a liability of \$176,669 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts, actuarially determined. At June 30, 2018 the District's proportion was .030714%, which was an increase of .000237% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the District recognized pension expense of \$29,359. At December 31, 2018, the District recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	12,324	28
Net difference between projected and actual earnings on pension plan investments	11,488	13,447
Changes in proportion and differences between District contributions and proportionate share of contributions	1,258	4,582
District's contributions subsequent to the measurement date	9,822	-
Total	\$ 34,892	\$ 18,057

The \$9,822 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 9,132
2020	2,415
2021	(5,651)
2022	383
2023	485
2024	249
Total	\$ 7,013

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return (discount rate)	7.30% per annum (net of investment expenses, including inflation) (decreased from 7.40% in 2017)
Inflation Rate	2.70% per annum (decreased from 2.775% in 2017)
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.
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The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.09% for the year ended June 30, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	22.00%	6.14%
	Non-U.S. Equity	22.00%	7.46%
	Global Equity	10.00%	6.74%
Fixed Income	Fixed Income	26.00%	1.76%
Alternatives	Real Estate	6.00%	4.38%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.31%
	Risk Parity	5.00%	4.89%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement System's Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.30%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.30%, or one percentage point higher 8.30% than the current rate as of June 30, 2018:

	Changes in Discount Rate:		
	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
Net Pension Liability	\$ 839,364,163	\$ 575,207,799	\$ 353,225,538

The following presents the net pension liability of the District calculated using the discount rate of 7.30%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.30%, or one percentage point higher 8.30% than the current rate as of June 30, 2018:

	Changes in Discount Rate:		
	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
Net Pension Liability	\$ 257,803	\$ 176,669	\$ 108,490

REQUIRED SUPPLEMENTAL INFORMATION

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 1

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 441,250	\$ 500,000	\$ 504,255	\$ 4,255
Fire insurance tax	30,300	30,085	30,085	-
Intergovernmental:				
Local grant	3,100	3,197	3,197	-
Investment income	8,475	27,374	24,688	(2,686)
Other revenue	1,000	-	-	-
Total revenues	<u>\$ 484,125</u>	<u>\$ 560,656</u>	<u>\$ 562,225</u>	<u>\$ 1,569</u>
Expenditures				
Current operating:				
Public safety	\$ 330,503	\$ 391,525	\$ 406,466	\$ (14,941)
Capital outlay	150,000	182,000	182,076	(76)
Total expenditures	<u>\$ 480,503</u>	<u>\$ 573,525</u>	<u>\$ 588,542</u>	<u>\$ (15,017)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,622</u>	<u>\$ (12,869)</u>	<u>\$ (26,317)</u>	<u>\$ (13,448)</u>
Other financing sources:				
Insurance proceeds	\$ 3,500	\$ 5,806	\$ 11,454	\$ 5,648
Sales of assets	-	31,500	31,500	-
Total other financing sources	<u>\$ 3,500</u>	<u>\$ 37,306</u>	<u>\$ 42,954</u>	<u>\$ 5,648</u>
Net change in fund balance	\$ 7,122	\$ 24,437	\$ 16,637	\$ (7,800)
Fund balances at beginning of year	1,690,000	1,680,277	1,680,277	-
Fund balances at end of year	<u>\$ 1,697,122</u>	<u>\$ 1,704,714</u>	<u>\$ 1,696,914</u>	<u>\$ (7,800)</u>

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 2

Schedule of the District's Share of the Net Pension Liability
For the Year Ended December 31, 2018

Firefighters' Retirement System	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
District's proportion of the net pension liability (asset)	.031638%	.030720%	.030477%	.030714%
District's proportionate share of the net pension liability (asset)	\$ 170,754	\$ 200,937	\$ 174,690	\$ 176,669
District's covered-employee payroll	\$ 68,340	\$ 68,207	\$ 72,123	\$ 74,130
District's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	249.86%	294.60%	242.21%	238.32%
Plan fiduciary net position as a percentage of the total pension liability	72.45%	68.15%	73.54%	74.76%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 3

Schedule of the District's Pension Contribution
For the Year Ended December 31, 2018

Firefighters' Retirement System	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Contractually required contribution	\$ 19,306	\$ 18,426	\$ 18,662	\$ 19,644
Contributions in relation to the contractually required contribution	<u>19,306</u>	<u>18,426</u>	<u>18,662</u>	<u>19,644</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 68,340	\$ 68,207	\$ 72,123	\$ 74,130
Contributions as a percentage of covered-employee payroll	28.25%	27.02%	25.88%	26.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL INFORMATION

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 4

Schedule of Per Diem Paid to Board Members
For the Year Ended December 31, 2018

	<u>Total</u>
Travis Brooks	\$ 360
Wesley Jeans	360
Gerald Spears	360
Marvin Whiddon	360
Mickey Whitaker	360
	<u>\$ 1,800</u>

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 5

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name - Jay Williams

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 72,325
Benefits - insurance	11,990
Benefits - retirement	19,644
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	Yes
Cell phone	1,895
Dues	225
Vehicle rental	-
Per diem	360
Reimbursements	-
Travel	390
Registration fees	175
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 6

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2018

There were no prior year audit findings for the year ended December 31, 2017.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2018

There were no current year audit findings for the year ended December 31, 2018.

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
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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. 1
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 each major fund of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated April 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire Protection District No. 1, Parish of Beauregard, State of 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. 1, Parish of Beauregard, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire Protection District No. 1, Parish of Beauregard, State of 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. 1, Parish of Beauregard, State of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

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 entity'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.

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

DeRidder, Louisiana
April 22, 2019

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 ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by Fire Protection District No. 1, Parish of Beauregard (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policy for budgeting was observed and addressed the above items.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Written policy for purchasing was observed but it did not address item numbers (2), (4) or (5) listed above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policy for disbursements was observed and addressed the above items.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

Written policy for receipts/collections was observed but it did not address recording and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policy for payroll was observed and addressed the above items.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The District does not have written policies that addressed contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Written policy for credit cards was observed and addressed the above items.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policy for travel and expense reimbursement was observed and addressed the above items.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The District does not have written policies for ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District does not have written policies for debt service.

Board or Finance Committee

2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board meets monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted).

The minutes do not reference any budget to actual comparisons in the General Fund.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

The District has only one collection site.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

There are no cash collections taken in by the District.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Not applicable.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Not applicable.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Not applicable.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Not applicable.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No cash collections or receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Only one location for processing payments.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee that processes payments can also add or modify vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained listing and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursement, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts – Not applicable

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel – Not applicable

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics – Not applicable

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics compliance documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service – Not applicable

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other – Not applicable

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
April 22, 2019