

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

Annual Financial Statements
With Independent Auditor's Report

December 31, 2021

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana's basic financial statements as listed in the table of contents.

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 the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 inquiries 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana's basic financial statements. The accompanying 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. Such information 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. The 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022, on our consideration of the Fire Protection District No. 3 of the 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 solely 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 the effectiveness of the Fire Protection District No. 3 of the Parish of Beauregard, State of Louisiana's 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, State of Louisiana's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John M. Windham, CPA". The signature is fluid and cursive, with "John M." on top, "Windham" in the middle, and "CPA" at the bottom right.

DeRidder, Louisiana
May 27, 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position
December 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 210,452
Ad valorem tax receivable	262,175
Capital assets not being depreciated	25,303
Capital assets being depreciated - net	<u>1,062,942</u>
 Total assets	<u>\$ 1,560,872</u>
LIABILITIES	
Accounts payable	\$ 39,516
Payroll taxes payable	342
Pension payable - ad valorem tax	9,417
Unclaimed property payable	3,517
Accrued interest payable	5,545
Long-term liabilities:	
Due within one year	44,534
Due in more than one year	<u>548,378</u>
 Total liabilities	<u>\$ 651,249</u>
NET POSITION	
Net investment in capital assets	\$ 495,333
Unrestricted	<u>414,290</u>
 Total net position	<u>\$ 909,623</u>
 Total liabilities and net position	<u>\$ 1,560,872</u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended December 31, 2021

Program Activities Governmental activities:	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Public safety	\$ 343,346	\$ 1,500	\$ (341,846)
General revenues:			
Taxes:			
Ad valorem taxes		\$ 261,554	
Insurance premium tax		\$ 17,259	
Investment earnings			\$ 812
Insurance proceeds			\$ 5,894
Total general revenues		\$ 285,519	
Change in net position		\$ (56,327)	
Net position at beginning of year			\$ 965,950
Net position at end of year			\$ 909,623

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
December 31, 2021

	<u>Major Fund</u>
	<u>General Fund</u>
ASSETS	
Assets:	
Cash and cash equivalents	\$ 210,452
Ad valorem tax receivable	<u>262,175</u>
Total assets	<u>\$ 472,627</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 39,516
Payroll taxes payable	342
Pension payable - ad valorem tax	9,417
Unclaimed property payable	<u>3,517</u>
Total liabilities	<u>\$ 52,792</u>
Fund Balances:	
Unassigned	<u>\$ 419,835</u>
Total liabilities and fund balances	<u>\$ 472,627</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, 2021

Total fund balance - total governmental funds	\$ 419,835
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.	(5,545)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	1,088,245
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	\$ (44,534)
Due in more than one year	<u>(548,378)</u>
Net position of governmental activities	<u><u>\$ 909,623</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2021

	<u>Major Fund</u>
	<u>General Fund</u>
Revenues	
Taxes:	
Ad valorem	\$ 261,554
Insurance premium tax	17,259
Intergovernmental:	
Local grants	1,500
Investment income	812
Total revenues	<u>\$ 281,125</u>
Expenditures	
Current operating:	
Public safety	\$ 200,142
Capital outlay	52,149
Debt service:	
Principal payment	42,924
Interest expense	23,852
Total expenditures	<u>\$ 319,067</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (37,942)</u>
Other financing sources:	
Insurance proceeds	<u>\$ 5,894</u>
Net change in fund balance	<u>\$ (32,048)</u>
Fund balances at beginning of year	<u>451,883</u>
Fund balances at end of year	<u>\$ 419,835</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, 2021

Net change in fund balances - total governmental funds	\$ (32,048)
 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.	52,149
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.	(119,753)
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.	42,924
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>401</u>
Change in net position of governmental activities	<u>\$ (56,327)</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, 2021

INTRODUCTION

Fire Protection District No. 3, of the Parish of Beauregard, State of 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, State of Louisiana was separated from Fire Protection District No. 3, of the Parish of Beauregard, State of 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. 34, *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, State of 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 segment 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, 2021
Levy date	June 30, 2021
Tax bills mailed	October 15, 2021
Total taxes are due	December 31, 2021
Penalties & interest due	January 31, 2022
Lien date	January 31, 2022
Tax sale	May 15, 2022

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, 2021, taxes of 23.40 mills were levied on property with an assessed valuation totaling \$11,204,041, and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General maintenance	23.40	23.40	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	\$ 1,324,590	11.82%	\$ 30,995
Crosby Land & Resources, L.L.C.	Timber	790,515	7.06%	18,498
Total		\$ 2,115,105	18.88%	\$ 49,493

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, 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.

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.

Fire Protection District No. 3

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.
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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, 2021.

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.

3. CASH AND CASH EQUIVALENTS

At December 31, 2021, the District had cash and cash equivalents (book balances) totaling \$210,452 as follows:

Time deposits	\$ 116,377
NOW account	92,375
Petty cash	1,700
Total	<u>\$ 210,452</u>

Fire Protection District No. 3

Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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, 2021 the District had \$208,962 in deposits (collected bank balances). These deposits are secured from risk by \$208,962 federal deposit insurance.

4. RECEIVABLES

The receivables of \$262,175 at December 31, 2021, are as follows:

Class of receivable	General Fund
Taxes:	
Ad valorem	<u>\$ 262,175</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, for the District is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	<u>\$ 25,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,303</u>
Capital assets being depreciated				
Buildings	<u>\$ 379,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,906</u>
Improvements	<u>22,595</u>	<u>-</u>	<u>-</u>	<u>22,595</u>
Machinery and equipment	<u>668,474</u>	<u>34,219</u>	<u>-</u>	<u>702,693</u>
Furniture and fixtures	<u>2,669</u>	<u>-</u>	<u>-</u>	<u>2,669</u>
Vehicles	<u>1,414,092</u>	<u>17,930</u>	<u>-</u>	<u>1,432,022</u>
Total capital assets being depreciated	<u>\$ 2,487,736</u>	<u>\$ 52,149</u>	<u>\$ -</u>	<u>\$ 2,539,885</u>
Less accumulated depreciation for:				
Buildings	<u>\$ 151,920</u>	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 163,905</u>
Improvements	<u>5,099</u>	<u>1,050</u>	<u>-</u>	<u>6,149</u>
Machinery and equipment	<u>568,168</u>	<u>41,439</u>	<u>-</u>	<u>609,607</u>
Furniture and fixtures	<u>2,669</u>	<u>-</u>	<u>-</u>	<u>2,669</u>
Vehicles	<u>629,334</u>	<u>65,279</u>	<u>-</u>	<u>694,613</u>
Total accumulated depreciation	<u>\$ 1,357,190</u>	<u>\$ 119,753</u>	<u>\$ -</u>	<u>\$ 1,476,943</u>
Total capital assets being depreciated, net	<u>\$ 1,130,546</u>	<u>\$ (67,604)</u>	<u>\$ -</u>	<u>\$ 1,062,942</u>

Depreciation expense of \$119,753 for the year ended December 31, 2021, was charged to the following governmental functions:

Public safety	<u>\$ 119,753</u>
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Fire Protection District No. 3

Notes to the Financial Statements (Continued)

6. ACCOUNTS AND OTHER PAYABLES

The payables of \$58,337 at December 31, 2021 are as follows:

	<u>General Fund</u>
Payroll taxes	\$ 342
Accounts	39,516
Pension - Ad Valorem Tax	9,417
Unclaimed property payable	3,517
Accrued interest	5,545
Total	\$ 58,337

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2021:

	<u>Capital Lease</u>
	<u>Two Fire Trucks</u>
Capital lease payable, January 1, 2021	\$ 635,836
Additions	-
Principal payments	<u>(42,924)</u>
Capital lease payable, December 31, 2021	<u>\$ 592,912</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, 2021:

	<u>Capital Lease</u>
	<u>Two Fire Trucks</u>
Current portion	\$ 44,534
Long-term portion	548,378
Total	\$ 592,912

Capital lease payable at December 31, 2021 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%. \$592,912

Fire Protection District No. 3

Notes to the Financial Statements (Concluded)

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments of \$141,621 are as follows:

Year Ending	Capital Lease Two Fire Trucks		
	Principal	Interest	Total
2022	\$ 44,534	\$ 22,242	\$ 66,776
2023	46,204	20,572	66,776
2024	47,938	18,838	66,776
2025	49,736	17,040	66,776
2026	51,602	15,174	66,776
2027-2031	288,538	45,340	333,878
2032	<u>64,360</u>	<u>2,415</u>	<u>66,775</u>
Totals	<u>\$ 592,912</u>	<u>\$ 141,621</u>	<u>\$ 734,533</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 250,000	\$ 261,555	\$ 261,554	\$ (1)
Insurance premium tax	17,000	17,260	17,259	(1)
Intergovernmental:				
Local grant	1,500	1,500	1,500	-
Investment income	770	810	812	2
Reimbursements	-	200	-	(200)
Total revenues	\$ 269,270	\$ 281,325	\$ 281,125	\$ (200)
Expenditures				
Current operating:				
Public safety	\$ 177,250	\$ 200,345	\$ 200,142	\$ 203
Capital outlay	24,000	52,150	52,149	1
Debt service:				
Principal payment	42,930	42,925	42,924	1
Interest expense	23,860	23,850	23,852	(2)
Total expenditures	\$ 268,040	\$ 319,270	\$ 319,067	\$ 203
Excess (deficiency) of revenues over expenditures	\$ 1,230	\$ (37,945)	\$ (37,942)	\$ 3
Other financing sources:				
Insurance proceeds	\$ -	\$ 5,895	\$ 5,894	\$ (1)
Net change in fund balance	\$ 1,230	\$ (32,050)	\$ (32,048)	\$ 2
Fund balances at beginning of year	\$ 430,607	\$ 451,883	\$ 451,883	\$ -
Fund balances at end of year	\$ 431,837	\$ 419,833	\$ 419,835	\$ 2

OTHER SUPPLEMENTAL INFORMATION

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head Name - L.D. Spears

Purpose	Amount
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, 2021

Finding – Financial Statement Audit

Audit Finding No. 2020-1

Bank deposits not being made in a timely manner

- Condition: Bank deposits are not being made daily. Best Practices and State Agreed Upon Procedures recommend that deposits be made daily unless certain exceptions are met. In some instances receipts were held for a month before being deposited.
- Criteria: According to Best Practices and State Agreed Upon Procedures daily bank deposits should be made for all collections over one hundred dollars.
- Cause and Condition: The bookkeeper has other responsibilities and the bank deposits seem to just get put off until a later date.
- Effect of Condition: Bank deposits not made could lend themselves to misappropriations if not timely made to the bank.
- Recommendation: I recommend that bank deposits be made daily when collections are over one hundred dollars. Also, the bookkeeper should be monitored by management.

Date of Initial Occurrence - December 31, 2020

Corrective Action Taken - Yes

Audit Finding No. 2020-2

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.

Date of Initial Occurrence - December 31, 2019

Corrective Action Taken - Yes

**Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2021**

Finding – Financial Statement Audit

Audit Finding No. 2021-1

Prevention of Sexual Harassment Law Requirement Not Met

- Condition: Not all of the board members nor the employees of the District met the one hour requirement training on the Prevention of Sexual Harassment Law.
- Criteria: As of January 1, 2019 all public servants are required by R.S. 42:343 to complete one hour per year training on the Prevention of Sexual Harassment Law.
- Cause and Condition: Neither the board members nor the employees of the District were aware of the one hour training requirement.
- Effect of Condition: Violation of R.S. 42:343.
- Recommendation: We recommend that all board members and employees of the District take the required one hour sexual harassment training each year and that the Clerk monitor the board members' and employees' 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 7, 2022

Attn: Michael J Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
Baton Rouge LA 70802

Dear Mr. Waguespack,

In response to the Audit Finding No. 2021-01:

I concur with the recommendation from Windham and Reed, CPA, LLC. In the future, all board members and employees of Fire Protection District No. 3 will complete one hour of the required Prevention of Sexual Harassment Training.

As stated in the finding, not all members were aware that the training was mandatory.

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

Respectfully,

A handwritten signature in black ink, appearing to read "J. 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 each major fund of Fire Protection District No. 3, Parish of Beauregard, State of Louisiana as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Fire Protection District No. 3, Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated May 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire Protection District No. 3, 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. 3, Parish of Beauregard, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire Protection District No. 3, 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 or significant deficiencies may exist that have not been identified.

Members of the Board of Commissioners
Fire Protection District No. 3
Parish of Beauregard
State of Louisiana
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 3, 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 financial statements. 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 items Audit Finding No. 2021-1.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Fire Protection District No. 3, Parish of Beauregard, State of Louisiana's response to the findings identified in our audit and described in the accompanying schedule of current year audit findings and management's response. The Fire Protection District No. 3, Parish of Beauregard, State of Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 "John U. Windham, CPA". The signature is fluid and cursive, with "John U." on top, "Windham," in the middle, and "CPA" at the bottom right.

DeRidder, Louisiana
May 27, 2022