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

Annual Financial Statements
With Auditor's Report

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/29/08

Table of Contents

	Statement	Page(s)
INDEPENDENT AUDITOR'S REPORT	-	1-2
BASIC FINANCIAL STATEMENTS:		
Statement of Net Assets	A	4
Statement of Activities	B	5
Balance Sheet – Governmental Funds	C	6
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	D	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	F	9
Notes to the Financial Statements	-	10-15
	Schedule	Page(s)
Required Supplemental Information		
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	1	17
Other Reports		
Schedule of Prior Year Audit Findings	2	19
Schedule of Current Year Audit Findings and Management's Response	3	20-22
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	23-24

John A. Windham, CPA

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities major fund of Fire Protection District No. 3, Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2007, which collectively comprise the district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fire Protection District No. 3's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities major fund of Fire Protection District No. 3, as of December 31, 2007, and the changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 7, 2008 on my consideration of Fire Protection District No. 3's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

Fire Protection District No. 3, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on page 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire Protection District No. 3's basic financial statements. The schedule of prior year audit findings and schedule of current year audit findings and management's response are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of prior year audit findings and schedule of current year audit findings and management's response have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

John U. Windham, CPA

DeRidder, Louisiana
October 7, 2008

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
December 31, 2007

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 244,639
Receivables:	
Ad valorem taxes	134,214
Prepaid expenses	3,388
Capital assets, net	658,029
Total assets	<u>\$ 1,040,270</u>
LIABILITIES	
Accounts payable	\$ 18,866
Payroll taxes payable	478
Pension payable - ad valorem tax	5,055
Accrued interest payable	365
Long term liabilities:	
Due within one year	11,000
Due in more than one year	12,000
Total liabilities	<u>\$ 47,764</u>
NET ASSETS	
Invested in capital asset, net of related debt	\$ 635,029
Unrestricted	357,477
Total net assets	<u>\$ 992,506</u>
Total liabilities and net assets	<u>\$ 1,040,270</u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended December 31, 2007

	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
Program Activities			
Governmental activities:			
Public safety	\$ 201,042	\$ -	\$ (201,042)
Interest on long term debt	1,719	-	(1,719)
Total governmental activities	\$ 202,761	\$ -	\$ (202,761)
General revenues:			
Taxes:			
Ad valorem taxes			150,653
Insurance premium tax			13,155
Investment earnings			2,058
Insurance proceeds			5,371
		Total general revenues	171,237
		Change in net assets	(31,524)
		Net assets at beginning of year	1,024,030
		Net assets at end of year	\$ 992,506

The accompanying notes are an integral part of the statement.

Balance Sheet
Governmental Funds
December 31, 2007

	<u>Major Fund</u>	
ASSETS	<u>General Fund</u>	
Cash and cash equivalents	\$	244,639
Receivables:		
Ad valorem		134,214
Prepaid insurance		2,788
Prepaid accounting		600
Total assets	<u>\$</u>	<u>382,241</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	18,866
Payroll taxes payable		478
Pension payable - ad valorem tax		5,055
Total liabilities	<u>\$</u>	<u>24,399</u>
Fund Balances:		
Unreserved	<u>\$</u>	<u>357,842</u>
Total liabilities and fund balances	<u>\$</u>	<u>382,241</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Assets
December 31, 2007

Total fund balance - total governmental funds		\$	357,842
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.			658,029
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.			(365)
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	\$	11,000	
Due in more than one year		<u>12,000</u>	
			<u>(23,000)</u>
Net assets of governmental activities		\$	<u><u>992,506</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	Major Fund
	General Fund
Revenues	
Taxes:	
Ad valorem	\$ 150,653
Insurance premium tax	13,155
Investment income	2,058
Total revenues	\$ 165,866
Expenditures	
Current operating:	
Public safety	\$ 148,041
Debt service:	
Principal	11,000
Interest	1,354
Capital outlay	46,054
Total expenditures	\$ 206,449
Excess (deficiency) of revenues over expenditures	\$ (40,583)
Other financing sources:	
Insurance proceeds	\$ 5,371
Net change in fund balance	\$ (35,212)
Fund balances at beginning of year	393,054
Fund balances at end of year	\$ 357,842

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, 2007

Net change in fund balances - total governmental funds	\$ (35,212)
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 assets, 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.	46,054
Repayment of certificates of indebtedness principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of certificates of indebtedness repayments.	11,000
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(53,001)
Accrued interest on long term debt is not shown in the governmental funds.	<u>(365)</u>
Change in net assets of governmental activities	<u>\$ (31,524)</u>

The accompanying notes are an integral part of this statement.

Fire Protection District No. 3

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

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 by a resolution of the Beauregard Parish Police Jury 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 handle the administrative and clerical duties of the district and the rest of the district are volunteers. The accounting policies of the district conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Government Units*.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Fire Protection District No. 3 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 assets and the statement of changes in net assets) 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

Notes to the Financial Statements (Continued)

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.

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 of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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) operating grants and contributions, and 2) 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 entity's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized <u>Millage</u>	Levied <u>Millage</u>	Expiration <u>Date</u>
Taxes due for:			
General maintenance	15.00	15.00	12/31/2010

Fire Protection District No. 3

Notes to the Financial Statements (Continued)

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>
Merit Energy	Oil & Gas	\$ 932,355	5.85%	\$ 13,985
Centennial Pipeline LLC	Pipeline	812,620	5.10%	12,189
Elizabeth Telephone Co. Inc.	Telephone	890,020	5.59%	13,350
Crosby Land & Resources	Land Management	822,232	5.16%	12,333
Totals		\$ 3,457,227	21.70%	\$ 51,857

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. 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 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

G. Compensated Absences

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

H. 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 assets. Bonds payable are reported net of the applicable bond premium or discount.

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.

Notes to the Financial Statements (Continued)

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. 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, 2007.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The district uses the following budget practices:

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

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2007.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 151,400	\$ 203,688	\$ 206,449	\$ 2,761

3. CASH AND CASH EQUIVALENTS

At December 31, 2007, the district has cash and cash equivalents (book balances) totaling \$244,639 as follows:

Time deposits	\$ 150,000
Interest bearing demand deposits	92,439
Petty cash	2,200
Total	<u>\$ 244,639</u>

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, 2007, the district has \$260,960 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$160,960 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand. Other items concerning cash and cash equivalents are located at Note 1C.

4. RECEIVABLES

The receivables of \$134,214 at December 31, 2007, are as follows:

<u>Class of receivable</u>	<u>General fund</u>
Taxes:	
Ad valorem	\$ 134,214

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2007, 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	\$ 25,303	\$ -	\$ -	\$ 25,303
Capital assets being depreciated				
Buildings	224,339	-	-	224,339
Improvements	1,682	-	-	1,682
Machinery and equipment	213,365	43,710	-	257,075
Furniture and fixtures	325	2,344	-	2,669
Vehicles	511,000	-	-	511,000
Total capital assets being depreciated	950,711	46,054	-	996,765
Less accumulated depreciation for:				
Buildings	33,651	5,609	-	39,260
Improvements	669	122	-	791
Machinery and equipment	125,368	21,681	-	147,049
Furniture and fixtures	325	39	-	364
Vehicles	151,025	25,550	-	176,575
Total accumulated depreciation	311,038	53,001	-	364,039
Total capital assets being depreciated, net	\$ 639,673	\$ (6,947)	\$ -	\$ 632,726

Notes to the Financial Statements (Concluded)

Depreciation expense of \$53,001 for the year ended December 31, 2007, was charged to the following governmental functions:

Public safety	<u>\$ 53,001</u>
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6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$24,399 at December 31, 2007, are as follows:

	<u>General Fund</u>
Withholdings	\$ 478
Accounts	18,866
Pension - Ad Valorem Tax	5,055
Total	<u>\$ 24,399</u>

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2007.

	<u>Certificates of Indebtedness</u>
Long-term obligations at beginning of year	\$ 34,000
Additions	-
Principal payments	<u>(11,000)</u>
Long-term obligations at end of year	<u>\$ 23,000</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, 2007:

	<u>Certificates of Indebtedness</u>
Current portion	\$ 11,000
Long-term portion	12,000
Total	<u>\$ 23,000</u>

All certificates outstanding at December 31, 2007, for \$23,000, are Certificates of Indebtedness with maturities from 1999 to 2009 and interest rates at 4.75%. Certificates of Indebtedness principal and interest payable in the next fiscal year are \$11,000, respectively. The individual issue is as follows:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Certificates of Indebtedness Series 1999	4/1/1999	4.75%	3/1/2009	\$ 1,116	\$ 23,000	Ad valorem taxes

<u>Year Ending December 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2008	11,000	831	11,831
2009	12,000	285	12,285
Total	<u>\$ 23,000</u>	<u>\$ 1,116</u>	<u>\$ 24,116</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Ad valorem	\$ 144,012	\$ 113,147	\$ 150,653	\$ 37,506	\$ 150,653
Insurance premium tax	13,055	13,155	13,155	-	13,155
Investment income	5,500	2,486	2,058	(428)	2,058
Total revenues	\$ 162,567	\$ 128,788	\$ 165,866	\$ 37,078	\$ 165,866
Expenditures					
Current operating:					
Public safety	\$ 112,900	\$ 120,658	\$ 148,041	\$ (27,383)	\$ 148,041
Debt Service:					
Principal	11,000	11,000	11,000	-	11,000
Interest	2,500	1,354	1,354	-	1,354
Capital outlay	25,000	70,676	46,054	24,622	46,054
Total expenditures	\$ 151,400	\$ 203,688	\$ 206,449	\$ (2,761)	\$ 206,449
Excess (deficiency) of revenues over expenditures	\$ 11,167	\$ (74,900)	\$ (40,583)	\$ 34,317	\$ (40,583)
Other financing sources:					
Insurance proceeds	\$ -	\$ 5,371	\$ 5,371	\$ -	\$ 5,371
Net change in fund balance	\$ 11,167	\$ (69,529)	\$ (35,212)	\$ 34,317	\$ (35,212)
Fund balances at beginning of year	252,521	323,525	357,842	-	393,054
Fund balances at end of year	\$ 263,688	\$ 253,996	\$ 322,630	\$ 34,317	\$ 357,842

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended December 31, 2007

Findings – Financial Statement Audit

There were no prior year audit findings reported as of December 31, 2006.

Schedule of Current Year Audit Findings and Management's Response
Year ended December 31, 2007

Audit Finding No. 2007-1

Noncompliance with Louisiana Audit Law

Finding:

The district is not in compliance with the Louisiana Audit Law (LRS 24:513), which requires political subdivisions to submit annual financial reports to the Office of the Louisiana Legislative Auditor no later than six months after fiscal year end. The district has not complied with this law for the fiscal year ended December 31, 2007.

Recommendation:

I recommend that the district stay in compliance with Louisiana Audit Law (LRS 24:513) by having financial statements accurately prepared and submitting these statements to the engaged auditor timely so that the annual audit can be completed and submitted to the Legislative Auditor by the statutory deadline.

Audit Finding No. 2007-2

Noncompliance with Louisiana Bid Law

Finding:

The district is not in compliance with the Louisiana Bid Law (LRS 38:2212), which requires that purchases of equipment in excess of \$20,000 be advertised and let by contract to the lowest bidder according to specifications. The district purchased a set of extraction equipment in the amount of \$21,552 and only asked for three quotes. The equipment was not let out for bid.

Recommendation:

I recommend that the district adhere to the Louisiana Bid Law for all purchases and that any purchase of equipment over \$20,000 be let by contract to the lowest bidder according to specifications.

Audit Finding No. 2007-3

Financial Documents Retention

Finding:

Financial documents and records requested during the audit were not readily available and were not in good order. Some of the requested documents were kept at the fire station and others were kept at the secretaries office. Record retention at different locations leads to documents being misplaced and unaccounted for by the district.

Recommendation:

All financial documents and records should be kept at the secretaries office. Any other individual that would need access to these documents should be given a copy by the secretary and the original should be kept in the secretaries office. Invoices should be kept in proper order by date and check number, this will insure that all are accounted for and accessible when needed.

**BEAUREGARD FIRE DIST #3
P O BOX 92
DERIDDER LA 70634**

October 16, 2008

Attn: Steve J. Theriot, CPA
Louisiana Legislative Auditor
P O Box 94397
Baton Rouge LA 70804-9397

RE: Response to Audit Findings

Dear Mr. Theriot:

Beauregard Fire District #3 has taken over its own accounting from the Beauregard Parish Police Jury in January, 2007. In regards to our first Audit Findings and Management Response, we answer as follows:

Audit Finding No. 2007-1

The district was aware that an audit had to be performed but unaware of the deadline. We are now aware of the deadline of June 30.

The district accepts the recommendation of the auditor to get our paperwork to the engaged auditor in a timely manner so that the annual audit can be completed and submitted by the deadline.

Audit Finding No. 2007-2

The district accepted quotes for the purchase of equipment over \$20,000. The district did not expect the quotes received to be over \$20,000 when quotes were received nor were they aware of the \$20,000 cap for bid requirements.

The district accepts the recommendation that it adheres to the public bid law. All purchases over \$20,000 will be advertised and let by contract to the lowest bidder.

**BEAUREGARD FIRE DIST #3
P O BOX 92
DERIDDER LA 70634**

Audit Finding No. 2007-3

The district was new at setting up their records for 2007. All paperwork was at the Training Center, but filed by vendor and not in date or check number order. Some of the documents were still in the possession of the secretary.

The district accepts the recommendation that all financial documents and records be kept at the secretary's office to insure the availability as needed to members of the district and the auditor when necessary.

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

Sincerely,



Tammy Wilson, Secretary

John A. Windham, CPA

A Professional Corporation

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John A. Windham, CPA

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

I have audited the financial statements of the governmental activities major fund of Fire Protection District No. 3, as of and for the year ended December 31, 2007, which collectively comprises Fire Protection District No. 3's, basic financial statements and have issued my report thereon dated October 7, 2008. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Fire Protection District No. 3's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Protection District No. 3's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fire Protection District No. 3's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fire Protection District No. 3's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fire Protection District No. 3's financial statements that is more than inconsequential will not be prevented or detected by the Fire Protection District No. 3's internal control. I considered the deficiencies described in Audit Finding No. 2007-3 in the accompanying schedule of current year audit findings and management's response to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fire Protection District No. 3's internal control.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose an significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 3's, financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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. 2007-1 and Audit Finding No. 2007-2.

Fire Protection District No. 3's response to the findings identified in my audit is described in the accompanying schedule of current year audit findings and management's response. I did not audit Fire Protection District No. 3's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



DeRidder, Louisiana
October 7, 2008