FINANCIAL REPORT

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

DECEMBER 31, 2025 AND 2024

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

TABLE OF CONTENTS

DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

June 30, 2026

Board of Directors
Third District Volunteer Fire Department
10423 Jefferson Highway
River Ridge, Louisiana 70123

Opinion

We have audited the accompanying financial statements of Third District Volunteer Fire Department ("the Department") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Department as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Third District Volunteer Fire Department 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 opinion.

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 the 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 Third District Volunteer Fire Department's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 Third District Volunteer Fire Department'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 Third District Volunteer Fire Department'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 June 30, 2026 on our consideration of Third District Volunteer Fire Department's internal control over financial reporting and 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 our 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* in considering Third District Volunteer Fire Department's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher LLP

Metairie, Louisiana

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash	$ 178,870	$ 232,200
Prepaid expenses and other assets	188,315	174,290
Total current assets	367,185	406,490
USE OF ASSETS - NET	3,480,076	3,746,142
OTHER ASSETS		
Length of service program	641,865	625,862
Prepaid lease cost - fire truck	450,000	-
Total other assets	1,091,865	625,862
TOTAL ASSETS	$ 4,939,126	$ 4,778,494

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES:		
Accounts payable	$ 30,639	$ 7,159
Accrued wages and payroll taxes	45,873	137,448
Annual leave	246,064	182,226
Accrued pension expense	344,662	306,084
Line of credit, net	416,320	284,905
Total current liabilities	1,083,558	917,822
LONG-TERM LIABILITIES:		
Accrued postretirement benefits	648,082	655,025
Total long-term liabilities	648,082	655,025
TOTAL LIABILITIES	1,731,640	1,572,847
NET ASSETS:		
Without donor restrictions	3,207,486	3,205,647
TOTAL LIABILITIES AND NET ASSETS	$ 4,939,126	$ 4,778,494

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUES AND OTHER SUPPORT:		
Contract Revenue:		
Jefferson Parish ad valorem taxes	$ 4,209,600	$ 4,176,000
Jefferson Parish capital funds	1,040,627	336,781
Jefferson Parish insurance rebate	253,811	241,929
Contributed firefighting services	-	34,100
Other contributions	5,845	3,115
Interest income	13,224	11,243
Gain on disposal of assets	373,817	-
Other income	63,240	107,407
Total revenues and other support	5,960,164	4,910,575
EXPENSES:		
Program services:		
Firefighting	5,709,980	5,277,410
Supporting services:		
General and administrative	248,345	207,334
Total expenses	5,958,325	5,484,744
CHANGE IN NET ASSETS	1,839	(574,169)
Net assets without donor restrictions - Beginning of year	3,205,647	3,779,816
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 3,207,486	$ 3,205,647

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Supporting Services	
	Firefighting	General and Administrative	Total
Amortization	$ -	$ 3,302	$ 3,302
Beverages	95	3	98
Breathing apparatus	4,372	-	4,372
Depreciation	377,932	10,730	388,662
First aid supplies	9,141	-	9,141
Insurance	344,927	9,793	354,720
Interest	-	31,547	31,547
Legal and accounting	-	68,235	68,235
Maintenance materials	53,983	-	53,983
Major repairs and maintenance	89,533	-	89,533
Manpower	4,270,119	120,862	4,390,981
Miscellaneous	50,597	1,437	52,034
Oil and gas	35,177	-	35,177
Operating materials	71,315	-	71,315
Personal safety equipment	51,868	-	51,868
Stationery and office supplies	1,983	56	2,039
Training	6,286	-	6,286
Travel, awards and banquet	4,646	132	4,778
Uniforms	1,721	-	1,721
Utilities	79,173	2,248	81,421
Vehicle maintenance	246,737	-	246,737
Wellness program	10,375	-	10,375
TOTAL	$ 5,709,980	$ 248,345	$ 5,958,325

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services	
	Firefighting	General and Administrative	Total
Amortization	$ -	$ 9,905	$ 9,905
Beverages	2,370	50	2,420
Breathing apparatus	8,419	-	8,419
Depreciation	368,294	7,789	376,083
Donated firefighting services	34,100	-	34,100
First aid supplies	16,656	-	16,656
Insurance	307,800	6,488	314,288
Interest	-	27,181	27,181
Legal and accounting	-	71,093	71,093
Maintenance materials	51,638	-	51,638
Major repairs and maintenance	64,032	1,350	65,382
Manpower	3,858,876	81,359	3,940,235
Miscellaneous	14,781	286	15,067
Oil and gas	40,058	-	40,058
Operating materials	46,419	-	46,419
Personal safety equipment	118,042	-	118,042
Stationery and office supplies	4,981	105	5,086
Training	38,886	-	38,886
Travel, awards and banquet	7,073	149	7,222
Uniforms	1,542	-	1,542
Utilities	74,927	1,579	76,506
Vehicle maintenance	207,346	-	207,346
Wellness program	11,170	-	11,170
TOTAL	$ 5,277,410	$ 207,334	$ 5,484,744

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,839	$ (574,169)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	388,662	376,083
Gain on sale of use of assets	(373,817)	-
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(14,025)	(79,633)
(Increase) decrease in other receivables	-	8,557
(Increase) decrease in Length of Service Programs	(16,003)	(20,245)
Increase (decrease) in accounts payable	23,477	(137,519)
Increase (decrease) in accrued wages and payroll taxes	(91,575)	14,605
Increase (decrease) in annual leave payable	63,838	12,506
Increase (decrease) in accrued postretirement benefits	(6,943)	(19,976)
Increase (decrease) in accrued pension expense	38,578	30,142
Net cash provided by (used) in operating activities	14,031	(389,649)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment (use of assets)	(168,776)	(2,621)
Prepaid lease cost - fire truck	(450,000)	-
Proceeds from sale of truck (use of assets)	420,000	-
Net cash used in investing activities	(198,776)	(2,621)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on line of credit	578,301	484,905
Payments on line of credit	(446,886)	(200,000)
Net cash provided by financing activities	131,415	284,905
NET DECREASE IN CASH	(53,330)	(107,365)
Cash at beginning of year	232,200	339,565
CASH AT END OF YEAR	$ 178,870	$ 232,200
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash was paid for the following:		
Interest	$ 31,547	$ 27,181
Income taxes	$ -	$ -

See accompanying notes.

NATURE OF OPERATIONS:

The Third District Volunteer Fire Department (the fire department) was organized in 1951 and provides the citizens of the Fire Protection District No. 3 of Jefferson Parish with fire protection and related services. The fire department is under a 10-year contract with Jefferson Parish to provide fire protection to the Third District. The contract expires December 1, 2027. The majority of the fire department's revenue is derived from this contract. At December 31, 2025, the department was operating four stations with 56 paid employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the fire department's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting and Presentation:

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The fire department is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor-imposed restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. As of December 31, 2025 and 2024, the fire department had only net assets without restrictions.

Allocation of Expenses:

The cost of providing programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are easily and directly associated with firefighting or general and administrative are charged directly to that functional area. Certain other expenses have been allocated to firefighting services and general and administrative based on time devoted by the fire department’s staff.

Program services consist of providing firefighting services to the Third District of Jefferson Parish.

General and administrative consists of general administrative expenses incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue:

Substantially all of the fire department's revenue is derived from funds provided by the Fire Protection District No. 3 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Third Fire Protection District and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized over time as the performance obligation is satisfied. Also during December 31, 2025 and 2024, the fire department received funds allocated from the Parish for the payment of insurance premiums and the purchase of equipment and vehicles in the amount of $1,040,627 and $336,781, respectively.

In addition, the fire department routinely receives revenue from insurance rebates. The amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled $253,811 and $241,929 for 2025 and 2024, respectively.

Cash:

For purposes of the statements of cash flows, the fire department considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. A detail of cash at December 31, 2025 and 2024 was as follows:

	2025	2024
Cash on hand	$ 800	$ 500
Cash in banks	178,070	231,700
	$ 178,870	$ 232,200

Income Taxes:

The fire department is exempt from income taxes under the Internal Revenue Code 501(c)(3). The fire department's Federal Return of Organization Exempt from Income Tax (Form 990) for 2024, 2023, and 2022 remain open and subject to examination by taxing authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Assets:

Per the contract with Jefferson Parish, any acquisition of immovable property, equipment, vehicles, or buildings by the fire department with funds from the contract, are the property of Jefferson Parish, and, if legally required to be titled, should be titled in Jefferson Parish's name and not in the name of the fire department. The contract also states that in the event the fire department should cease operations voluntarily, for whatever reason, during the term of the agreement or be removed for just cause by Jefferson Parish, all buildings, equipment or apparatus purchased with appropriations from Jefferson Parish general and special revenue funds or contract consideration shall become (or remain if already titled in Jefferson Parish's name) the property of Jefferson Parish.

The assets owned and titled by Jefferson Parish and used by the fire department are reported on the department's Statements of Financial Position as a use of asset. The fire department records the use of asset for purchases over $5,000 and expenses those purchases under $5,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 40 years.

Leases:

The fire department determines if an agreement is a lease or contains a lease at inception. Under ASU 2016-02, an agreement is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. The Company only reassesses its determination if the terms and conditions of the contract are changed.

The lease term for accounting purposes may include options to extend or terminate the lease when it is reasonably certain that the fire department will exercise the option. Right-of-use assets and the corresponding lease liabilities are recorded at the commencement date based on the present value of lease payments over the expected lease term. The fire department uses the interest rate listed in the agreement to calculate the present value of the lease payments.

2. USE OF ASSETS:

The cost and accumulated depreciation of the use of assets were as follows:

December 31, 2025

	1/1/25	Additions	Disposals	12/31/25
Land	$ 948,461	$ -	$ -	$ 948,461
Buildings	2,504,528	13,760	(103,305)	2,414,983
Firefighting equipment	896,967	25,419	(106,019)	816,367
Radios	566,280	-	(52,337)	513,943
Office equipment	104,762	-	-	104,762
Vehicles	4,711,905	129,597	(925,410)	3,916,092
Total use of assets	9,732,903	168,776	(1,187,071)	8,714,608
Less accumulated depreciation	(5,986,761)	(388,662)	1,140,891	(5,234,532)
Total use of assets, net of depreciation	$3,746,142	$ (219,886)	$ (46,180)	$3,480,076

December 31, 2024

	1/1/24	Additions	Disposals	12/31/24
Land	$ 948,461	$ -	$ -	$ 948,461
Buildings	2,504,528	-	-	2,504,528
Firefighting equipment	894,346	2,621	-	896,967
Radios	566,280	-	-	566,280
Office equipment	104,762	-	-	104,762
Vehicles	4,711,906	-	-	4,711,905
Total use of assets	9,730,283	2,621	-	9,732,903
Less accumulated depreciation	(5,610,679)	(376,083)	-	(5,986,761)
Total use of assets, net of depreciation	$4,119,604	$ (373,462)	$ -	$3,746,142

3. ANNUAL LEAVE:

All full-time employees of the Third District Volunteer Fire Department accumulate annual leave, which is accrued based on years of service and the employee’s current rate of pay. At termination of employment, compensation will be paid for all annual leave hours remaining on the books at the employee’s straight time rate. No compensation will be paid for any sick leave remaining at termination of employment. As of December 31, 2025 and 2024, the annual leave payable was $246,064 and $182,226, respectively.

4. DEFINED CONTRIBUTION PLAN:

The fire department sponsors a defined contribution plan that covers all employees who have accumulated at least 1,000 service hours annually.

Contributions to the plan are based on 12% of the gross wages paid by the fire department and the supplemental wages received from the State of Louisiana.

For the years ended December 31, 2025 and 2024, the fire department accrued $344,662 and $306,084, respectively, to be contributed to the plan in the following year.

5. DEFINED BENEFIT PLAN:

The fire department has a nonqualified defined benefit plan covering substantially all of its employees. The plan is noncontributory and is administered by a trustee. An actuarial valuation of the plan is prepared annually. The assumed interest rate used in the valuation was 4.25% for each of the years ended December 31, 2025 and 2024. Contributions to the plan by the fire department were $31,630 and $31,621 for 2025 and 2024, respectively. The recommended minimum contribution for 2025 is $27,476. The amount of cash held by the insurance company to fund this plan for the years ended December 31, 2025 and 2024 was $641,865 and $625,862, respectively.

The benefits are based on years of service to the fire department at $10.00 per month up to thirty years of service for 2025 and 2024. The maximum benefit per month under this benefit formula is $300 for 2025 and 2024. The participant vests after five years of service and is entitled to benefits at age 60. Benefits paid to plan participants were $30,498 and $31,782 for the years ended December 31, 2025 and 2024, respectively.

FASB ASU 2017-07 requires an employer to report the service cost component separately from other components of net benefit cost. The service cost component is reported in the same line of the statement of functional expenses where they report compensation cost. The other components of net benefit cost are reported as other expenses.

Service costs are included in the statements of activities as follows:

	2025	2024
Manpower	$ 28,167	$ 14,636

5. DEFINED BENEFIT PLAN: (Continued)

The net periodic benefit cost for the defined benefit plan for the years ended December 31 as follows:

	2025	2024
Service Cost	$ 28,167	$ 14,636
Other Components of cost:		
Investment income	(18,065)	(17,450)
Administrative fee	3,115	1,950
Total other components	(14,950)	(15,500)
Net periodic benefit cost (benefit)	$ 13,217	$ (864)

The annual measurement date is December 31st for the retirement benefits. The following table provides further information about the fire department's postretirement plan:

Obligations and Funded Status:

	2025	2024
Actuarial present value of accrued benefits for services rendered to date:		
Vested	$ 645,433	$ 653,191
Non-vested	2,649	1,834
	$ 648,082	$ 655,025
Actuarial present value of accrued benefit obligation at December 31	$ (648,082)	$ (655,025)
Employer contributions	31,630	31,621
Benefit payments	(30,498)	(31,782)
Loss (gain) on investments	(1,132)	161
Fair value of plan assets (included in other assets on the statements of financial position) at December 31	641,865	625,862
Plan assets in deficit of projected benefit obligation Unfunded status	$ (6,217)	$ (29,163)

5. DEFINED BENEFIT PLAN: (Continued)

Obligations and Funded Status: (Continued)

Amounts recognized in the statements of financial position at December 31, 2025 and 2024 consist of:

	2025	2024
Noncurrent assets	$ 641,865	$ 625,862
Noncurrent liabilities	(648,082)	(655,025)
	$ (6,217)	$ (29,163)

Assumptions:

Weighted-average assumptions were used to determine benefit obligations at December 31, 2025 and 2024.

	2025	2024
Discount rate	4.25%	4.25%
Expected return on plan assets	4.25%	4.25%

In the December 31, 2025 and 2024 actuarial valuations, the entry age normal method was used.

6. CONCENTRATIONS:

At various times during 2025 and 2024, the fire department had cash on deposit and cash equivalents in excess of FDIC insurance limits. As of December 31, 2025 and 2024 all balances were fully insured.

The fire department also has a promontory insured cash sweep (ICS) which is used to maintain a certain balance in the operating cash account by moving cash back and forth as needed to maintain that balance. Deposits in promontory ICS accounts are spread among other banks within the promontory network so that no balances at any one bank are above FDIC coverage.

7. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 expenses during the reporting period. Actual results could differ from those estimates.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Company manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As of December 31, 2025 and 2024, financial assets available for expenses within one year of the statement of financial position date consist of cash in the amount of $178,870 and $232,200, respectively.

9. LINE OF CREDIT:

On March 28, 2024, the fire department opened a $500,000 line of credit with a maturity date of March 28, 2025, which was renewed until March 28, 2026. The note bears a variable interest rate equal to the prime rate plus 0.75%, currently 7.5%, with interest payable monthly until the balance is paid in full. The client incurred $13,207 in loan costs, which were amortized over the original term of the loan. As of December 31, 2025, the loan costs had been fully amortized. The outstanding balance on the line of credit as of December 31, 2025 and 2024 was $416,320 and $284,905, respectively.

10. EXPENSES PAID BY OTHERS:

The full-time firefighters of the fire department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received varies based on years of service. These supplemental state funds are received through the fire department, and the department pays the taxes on them. As these supplemental state funds are paid directly to the firefighters, and do not pass through the fire department, they are not included in these financial statements. The amount of supplemental pay paid to firefighters during the years ended December 31, 2025 and 2024 was $207,100 and $196,780, respectively.

11. COMMITMENT:

In 2025, the fire department signed a lease purchase agreement for a fire truck with a contractual commencement date contingent upon the asset being placed in service. Pursuant to the terms of the agreement, the fire department is required to make payments prior to the lease commencement date. Payments made prior to commencement totaling $450,000 as of December 31, 2025, have been reported as prepaid lease cost – fire truck in the accompanying balance sheet and will be recognized as part of the right of use asset upon commencement of the lease. The lease term has not commenced as of year-end, as the equipment is not yet available for use. Accordingly, no lease asset or lease liability has been recognized. Future obligations under the agreement are expected to be recognized upon delivery and commencement of the lease term.

11. COMMITMENT: (Continued)

Future contractual payments required under this lease agreement as of December 31, 2025, are as follows:

Year Ending December 31,	Amount
2026	$ 212,498
2027	212,498
2028	212,498
2029	212,498
2030	212,498
Thereafter	1,062,489
Total Payments	$ 2,124,979

12. RECLASSIFICATIONS:

Certain amounts in 2024 have been reclassified to conform to the current year presentation. Net assets remained unchanged.

13. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through June 26, 2026, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these financial statements.

SUPPLEMENTARY INFORMATION

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency head name: Brad Migliore, Volunteer Fire Chief

Purpose	**Amount**
Reimbursements (cell phone)	$ -
	$ -

DHHM
certified public accountants

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Hrapmann
Hogan &
Maher, LLP

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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*

June 30, 2026

To the Board of Directors
Third District Volunteer Fire Department

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 Third District Volunteer Fire Department (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Third District Volunteer Fire Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Third District Volunteer Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Third District Volunteer Fire Department'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 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Third District Volunteer Fire Department'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Third District Volunteer Fire Department'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 Third District Volunteer Fire Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislature Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher LLP

Metairie, Louisiana

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
SCHEDULE OF FINDINGS
DECEMBER 31, 2025

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Third District Volunteer Fire Department for the year ended December 31, 2025 was unmodified.

2. Internal Control
   Material weaknesses: none
   Significant deficiency: none

3. Compliance and Other Matters
   Noncompliance material to financial statements: none

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

NONE

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

PRIOR YEAR AUDIT FINDINGS:

NONE

THIRD DISTRICT VOLUNTEER
FIRE DEPARTMENT

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR
JANUARY 1, 2025 THROUGH DECEMBER 31, 2025

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

TABLE OF CONTENTS

FOR THE FISCAL YEAR
JANUARY 1, 2025 THROUGH DECEMBER 31, 2025

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 30, 2026

Board of Directors
Third District Volunteer Fire Department
and The Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the year January 1, 2025 through December 31, 2025. Third District Volunteer Fire Department's management is responsible for the control and compliance areas identified in the SAUPs.

Third District Volunteer Fire Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year January 1, 2025 through December 31, 2025**.** Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) ***Written Policies and Procedures***

A. **Procedure**: Obtain and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories if applicable to public funds and the entity's operations:

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   ii. ***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.

   iii. ***Disbursements***, including processing, reviewing, and approving.

   iv. ***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 (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

   v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

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

   vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

   viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).

   ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

   x. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: *Upon applying the agreed-upon procedures above, we noted that the contracting policy does not include types of services requiring written contracts, standard terms and conditions, and a monitoring process. Also, the travel and expense reimbursement policy does not include the dollar thresholds by expense category. Within the information technology disaster recovery/business continuity policy, it does not mention the use of antivirus software on all systems or timely application of all available system and software patches/updates. Lastly, there are no written policies and procedures for ethics or information technology disaster recovery/business continuity.*

Management's Response: *We will work on preparing and adopting policies for these areas.*

2) *Board or Finance Committee*

A. **Procedure**: Obtain and inspect the board/finance 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:

i. 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.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

3) ***Bank Reconciliations***

A. **Procedure**: Obtain a listing of entity 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 selected 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 each selected account, and observe that:

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

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

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

Results: *Upon applying the agreed-upon procedures above, we noted that the bank reconciliations are dated more than two months after the closing date. Also, the bank reconciliations do not include evidence that the reconciliations have been reviewed within one month of the date the reconciliations were prepared. Lastly, the reconciliation for the main operating account does not include evidence that outstanding items more than a year old have been researched.*

Management's Response: *We will work on having bank reconciliations prepared in a timely manner and include evidence that the reconciliation has been reviewed. We will also work on looking into the old outstanding items.*

4) ***Collections***

A. **Procedure:** 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).

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

B. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one 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:

i. Employees that are responsible for cash collections do not share cash drawers/registers.

ii. 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.

iii. 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.

iv. 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/official verifies the reconciliation.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

C. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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). Alternately, 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:

i. Observe that receipts are sequentially pre-numbered.

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

iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. 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 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

Results: *Upon applying the agreed-upon procedures above, we noted that we were Unable to trace sequentially pre-numbered receipts, system reports, and other related collection documentation to a deposit slip due to the only documentation being a deposit slip. Also, we were unable to determine if deposit was made within one business day of receipt at the collection location due to not documentation of when the entity received the checks.*

Management's Response: *Due to the nature of the income that we receive, it is not necessary to utilize prenumbered receipts as a majority of our income is through direct deposits. We will work on notating the date of receipt on any checks received.*

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

A. **Procedure**: Obtain a listing of locations that process payments for the calendar year and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

B. **Procedure**: 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:

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

ii. At least two employees are involved in processing and approving payments to vendors.

iii. 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.

iv. 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.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

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

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

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

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

D. **Procedure**: Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was

i. Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and

ii. Approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

6) *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

A. **Procedure**: 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.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

B. **Procedure**: Using the listing prepared by management randomly select 5 cards (or all cards if less than 5) that were used during the calendar year. 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:

i. Observe 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 (or electronically approved), by someone other than the authorized card holder.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: *Upon applying the following procedures, we noted that one statement does not have written or electronic approval by someone other than the authorized card holder. Also, finance charges were assessed on the one of the selected samples.*

Management's Response: *We will look into our procedures and include written approval on the statements. Credit card statements are approved at the monthly board meetings and most of the charges have purchase orders approved prior to making the purchase.*

C. **Procedure**: 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. For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, observe it is supported by:

i. An original itemized receipt that identifies precisely what was purchased,

ii. Written documentation of the business/public purpose,

iii. Documentation of the individuals participating in meals (for meals charges only)

Results: *Upon applying the following procedures, we noted that two of the transactions tested did not have itemized receipts that identifies precisely what was purchased. Also, fourteen of the transactions tested did not include written documentation of the business/public purpose. Lastly, one of the transactions tested did not include documentation of the names of individuals participating in meals.*

Management's Response: *We will look into our procedures and see what changes can be made.*

D. **Procedure:** Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

7) ***Travel and Travel-Related Expense Reimbursement (excluding card transactions)***

A. **Procedure**: Obtain from management a listing of all travel and travel-related expense reimbursements during the calendar year and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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:

i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

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

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

iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

8) *Contracts*

A. **Procedure**: 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. Alternately, 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:

i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law16 (e.g., solicited quotes or bids, advertised), if required by law.

ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

iv. 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.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

9) ***Payroll and Personnel***

A. **Procedure**: Obtain a listing of employees and officials employed during the calendar year and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

B. **Procedure**: Randomly select one pay period during the fiscal period. Select 5 employees or officials and obtain attendance records and leave documentation for the pay period, and:

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

ii. Observe supervisors approved the attendance and leave of the selected employees or officials.

iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: *Upon applying the following procedures, we noted that timesheets do not include evidence of supervisors' approval.*

Management's Response: *District Chiefs record each employee's time for each shift. Time worked is submitted to the office manager to be submitted to our third-party payroll processing company. Receiving the time from the District Chief is our way of getting their approval.*

C. **Procedure**: Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

D. **Procedure**: Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

10) ***Ethics***

A. **Procedure**: Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain ethics documentation from management, and:

i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

ii. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: *Upon applying the following procedure, we noted that one of the employees tested did not complete one hour of ethics training during the fiscal period.*

Management's Response: *Third District Volunteer Fire Department acknowledges the exception, and will implement better monitoring and reminders to prevent recurrence of employees not completing ethics training.*

B. **Procedure**: Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

11) ***Debt Service***

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: There were no bonds/notes or other debt instruments issued by Third District Volunteer Fire Department during the fiscal period. The debt service agreed-upon procedures category is generally not applicable to nonprofit entities and are not applicable to Third District Volunteer Fire Department in the current year.

B. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Third District Volunteer Fire Department had no bonds/notes outstanding at the end of the fiscal period. The debt service agreed-upon procedures category is generally not applicable to nonprofit entities and are not applicable to Third District Volunteer Fire Department in the current year.

12) ***Fraud Notice***

A. **Procedure**: 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.

Results: *No findings noted as a result of applying the above agreed-upon procedures.*

B. **Procedure**: 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.

Results: *Upon applying the following procedures, we noted that the entity has the notice posted on the premises, but does not have the notice posted on its website.*

Management's Response: *We will notify our webservices provider and add the notice to our website.*

13) ***Information Technology Disaster Recovery Business Continuity***

A. **Procedure**: Perform the following procedures:

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: *We performed the above agreed-upon procedure and discussed the results with management of Third District Volunteer Fire Department.*

B. **Procedure**: Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: *We performed the above agreed-upon procedure and discussed the results with management of Third District Volunteer Fire Department.*

C. **Procedure**: Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Results: *We performed the above agreed-upon procedure and discussed the results with management of Third District Volunteer Fire Department.*

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: *A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:343, et seq. However, the non-profit could* *be subject to the law as a part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Third District Volunteer Fire Department.*

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: *A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:343, et seq. However, the non-profit could be subject to the law as a part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Third District Volunteer Fire Department.*

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

Results: *A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:343, et seq. However, the non-profit could be subject to the law as a part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Third District Volunteer Fire Department.*

We were engaged by Third District Volunteer Fire Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to, and did not, conduct an examination or review engagement, 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.

We are required to be independent of Third District Volunteer Fire Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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 Louisiana Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher LLP

Metairie, Louisiana