

**Caddo Parish Fire District Number Three
Greenwood, Louisiana
Financial Statements With Auditors' Report
As of and For the Year Ended December 31, 2025**

Caddo Parish Fire District Number Three
Greenwood, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Fund	6
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	9
Notes to the Financial Statements	10 – 27
Required Supplementary Information	
Budgetary Comparison Schedule	28
Notes to Required Supplementary Information	29
Schedule of Proportionate Share of Net Pension Liability	30
Schedule of Contributions	31
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	32
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>	33 – 34
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	35
Corrective Action Plan For Current Year Audit Findings	35

**COOK & MOREHART,
Certified Public Accountants, LLC**

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Commissioners
Caddo Parish Fire District Number Three
Greenwood, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of Caddo Parish Fire District Number Three, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Caddo Parish Fire District Number Three's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Caddo Parish Fire District Number Three, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caddo Parish Fire District Number Three and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Caddo Parish Fire District Number Three's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement 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 Caddo Parish Fire District Number Three'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 Caddo Parish Fire District Number Three's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 28 – 29, the Schedule of Contributions on page 31, and the Schedule of Proportionate Share of Net Pension Liability on page 30, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

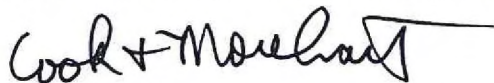
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Fire District Number Three's basic financial statements. The accompanying other supplementary information, Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 32, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 32, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2026, on our consideration of Caddo Parish Fire District Number Three's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Caddo Parish Fire District Number Three's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caddo Parish Fire District Number Three's internal control over financial reporting and compliance.



Cook & Morehart,
Certified Public Accountants, LLC
May 29, 2026

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Net Position
December 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 388,923
Investments	2,523,388
Accounts receivable:	
Ad valorem tax	2,703,630
Assessment - service charge	472,719
Sales tax	220,023
Other	247
Prepaid expenses	25,331
Capital assets:	
Non-depreciable	1,273,807
Other capital assets, net of accumulated depreciation	<u>6,983,134</u>
Total assets	<u>14,591,202</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>2,024,215</u>
LIABILITIES	
Accounts payable and accrued expenses	157,332
Long-term liabilities:	
Due within one year	94,991
Due in more than one year	<u>4,209,036</u>
Total liabilities	<u>4,461,359</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes and assessment - service charges	3,259,791
Pension related	<u>760,297</u>
Total deferred inflows of resources	<u>4,020,088</u>
NET POSITION	
Net investment in capital assets	6,792,101
Unrestricted	<u>1,341,869</u>
Total net position	<u><u>\$ 8,133,970</u></u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Activities
For the Year Ended December 31, 2025

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Functions / Programs:</u>				
Governmental Activities				
Public safety - fire protection	\$ 5,285,829	\$ 463,784	\$ 450,643	\$ (4,371,402)
Interest on long-term debt	<u>79,477</u>			<u>(79,477)</u>
Total governmental activities	<u>5,365,306</u>	<u>463,784</u>	<u>450,643</u>	<u>(4,450,879)</u>
General revenues:				
Assessment - service charge				464,263
Ad valorem tax				2,712,003
Sales tax				2,300,156
Interest income				140,896
State revenue sharing				30,984
Fire insurance rebate				45,049
Miscellaneous				<u>10,427</u>
Total general revenues				<u>5,703,778</u>
Change in net position				1,252,899
Net position beginning				6,881,071
Net position ending				<u><u>\$ 8,133,970</u></u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Balance Sheet
Governmental Fund
December 31, 2025

	General Fund
Assets	
Cash	\$ 388,923
Investments	2,523,388
Accounts receivable	
Ad valorem tax	2,703,630
Assessment - service charge	472,719
Sales tax	220,023
Other	247
Total assets	\$ 6,308,930
Liabilities	
Accounts payable and accrued expenses	\$ 157,332
Total liabilities	157,332
Deferred inflows of resources	
Unavailable revenue - property taxes and assessment-service charges	3,259,791
Fund balance	
Unassigned	2,891,807
Total fund balance	2,891,807
Total liabilities, deferred inflows of resources, and fund balance	\$ 6,308,930

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
December 31, 2025

Fund balances - total governmental fund		\$ 2,891,807
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.		8,256,941
Other long-term amounts are not available to pay for current -period expenditures and therefore are not available in the fund:		
Deferred outflows of resources - pension related		2,024,215
Long-term liabilities and other amounts, including compensated absences, bonds payable, net pension liabilities, and interest payable, are not due and payable in the current period and therefore are not reported in the governmental fund:		
Revenue bonds payable	(1,464,840)	
Compensated absences	(50,631)	
Net pension liability	(2,788,556)	
Deferred inflows of resources - pension related	<u>(760,297)</u>	(5,064,324)
The nonallocation method of accounting for prepayment is used in the fund statements, since the prepayment does not provide expendable financial resources.		<u>25,331</u>
Net position of governmental activities		<u><u>\$ 8,133,970</u></u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2025

	General Fund
Revenues	
Ad valorem tax	\$ 2,712,003
Service charge assessment	464,263
Charges for services - transport fees	463,784
Sales tax	2,300,156
Intergovernmental revenue:	
State revenue sharing	30,984
Fire insurance rebate	45,049
State supplemental pay on-behalf payments	185,400
Grants	34,662
Interest income	140,896
Miscellaneous	10,427
Total revenues	6,387,624
Expenditures	
Current - fire protection	4,846,640
Capital outlay	1,365,592
Debt service	
Principal	35,162
Interest	79,477
Total expenditures	6,326,871
Excess revenues over expenditures	60,753
Other financing sources	
Debt proceeds	431,125
Total other financing sources	431,125
Net change in fund balance	491,878
Fund balance at beginning of year	2,399,929
Fund balance at end of year	\$ 2,891,807

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balance - total governmental fund		\$ 491,878
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,365,592) exceed depreciation (\$509,824) in the current period.		
		855,768
Revenues that are not available to pay current obligations are not reported in the governmental fund.		
Nonemployer contributions to cost-sharing pension plan		230,581
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		
		(2,439)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		
Revenue bonds		(431,125)
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the current year principal repayment reduces long-term liabilities in the statement of net position.		
		35,162
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.		
Compensated absences	(41,375)	
Pension expense - decrease	114,449	73,074
Change in net position of governmental activities		<u>\$ 1,252,899</u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025

INTRODUCTION

The Caddo Parish Fire District Number Three (the District) was created by resolution of the Caddo Parish Commission on April 11, 1984, to purchase and maintain fire equipment and to provide fire protection for the people of Caddo Parish Fire District Number Three. The District is governed by a board of commissioners consisting of 5 members: 2 members are appointed by the Caddo Parish Commission; 2 members are appointed by the Mayor and Board of Aldermen of Greenwood; and one member, who is the chairman, is appointed by the other 4 board members. Members serve two-year terms and receive no compensation for their services.

(1) Summary of Significant Accounting Policies

The Caddo Parish Fire District Number Three's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Caddo Parish Fire District Number Three are discussed below.

A. Reporting Entity

Because the Caddo Parish Commission appoints two members of the governing board and because the District operates within the geographical boundaries of Caddo Parish, The District was determined to be a component unit of the Caddo Parish Commission, the governing body of the parish and the governmental body with oversight responsibility. This report includes only funds which are maintained by the District and does not present information on the Caddo Parish Commission, the general government service provided by that governmental unit, or the other governmental units that comprise the Commission.

B. Basic Financial Statements – Government-Wide Statements

The Caddo Parish Fire District Number Three's basic financial statements include both government-wide (reporting the funds maintained by the Caddo Parish Fire District Number Three as a whole) and fund financial statements (reporting the Caddo Parish Fire District Number Three's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Caddo Parish Fire District Number Three's general fund is classified as governmental activities. The Caddo Parish Fire District Number Three does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Caddo Parish Fire District Number Three's net position is reported in two parts – invested in capital assets (net of related debt), and unrestricted net position.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Caddo Parish Fire District Number Three's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of transport fees billed to insurance companies and individuals, nonemployer contributions to cost-sharing pension plan, and other grants. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Caddo Parish Fire District Number Three as an entity and the change in the Caddo Parish Fire District Number Three's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Caddo Parish Fire District Number Three are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Caddo Parish Fire District Number Three:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Caddo Parish Fire District Number Three:

- a. General fund is the general operating fund of the Caddo Parish Fire District Number Three. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

Revenues of the Caddo Parish Fire District Number Three consist principally of property taxes, sales taxes, service charges on property, transport fees collected from billings, grants, other intergovernmental revenues, and interest income. Property taxes and service charges are recorded in the year for which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Because the 2025 tax levy and service charge assessment are intended to fund the 2026 fiscal year, the levy and assessment have been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Transport fees, grants, and other intergovernmental revenues are recorded when received because they are generally not measurable until actually received. Sales taxes are recognized in the period in which the underlying exchange has occurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. One amendment was made to the 2025 budget.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

Louisiana law or any other state of the United States, or under the laws of the United States. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	24 – 37 years
Equipment	3 – 33 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

The District's governmental activities and governmental fund report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has items that meet this definition and qualify for reporting in this category. Accordingly, the item "unavailable revenue" is reported in the governmental fund balance sheet and statement of net position. The District reports unavailable revenue from two sources: property taxes and assessment – service charges. These amounts are deferred and recognized as an inflow of resources in the period for which the amounts were levied and budgeted. The District also has deferred inflows of resources related to pensions reported in the government-wide statement of net position.

I. Compensated Absences

The District has the following policy relating to vacation and sick leave:

After one year of service, fireman earn from 18 to 28 days of annual leave each year, depending on their length of service. Annual leave must be taken in the year earned. Unused annual leave cannot be accumulated. Upon termination, employees are paid for any earned but unused annual leave in the year of termination. The current portion of compensated absences payable (the amount estimated to be used during the period of availability) is recorded as a liability in the fund

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

financial statements. The entire balance of compensated absences payable is recognized as a liability in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

Each full-time employee is entitled to full pay during sickness or incapacity not brought about by his or her own negligence or culpable indiscretion, for a period of not less than 52 weeks, during any calendar year.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Assessment – Service Charge

A primary revenue source is the service charge fee assessed by the District. The District is authorized to levy a fee to assess persons owning each residential or commercial structure located wholly or partly within the boundaries of said District. The amount of the assessment is \$110 per year.

L. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balances

GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's board of commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's board of commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's board of commissioners have the authority to assign amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

N. 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 in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Sales Tax

A special election was held on November 16, 2019 in which a 1% sales and use tax was passed by the voters. The sales tax began January 1, 2020, with proceeds of tax, after paying the reasonable and necessary costs of collecting and administering the tax, to be dedicated and used for any lawful purpose of the District, including, but not limited to, acquiring, constructing, improving, operating and maintaining fire protection facilities and purchasing fire trucks and other firefighting equipment.

P. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating	17.71	17.71	2039

(3) Cash, Cash Equivalents, and Investments

At December 31, 2025, the District had cash, cash equivalents and investments (book balances), totaling \$2,912,311 as detailed below.

A. Cash, Cash Equivalents, and Investments

The District had cash and cash equivalents at December 31, 2025 (book balances) totaling \$388,923 in interest bearing demand deposits and money market accounts. 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.

B. Investments

At December 31, 2025, the District had investments totaling \$2,523,388 as follows:

Government backed mortgage securities	\$ 427,907
Certificates of deposit	250,000
Cash and money market funds	159,972
Louisiana Asset Management Pool	1,685,509
	<u>\$ 2,523,388</u>

At December 31, 2025, the District had investments totaling \$427,907 consisting of U.S. Government backed mortgage securities. The market value of this particular type of investment is not materially different from its carrying amount. The investments are in the name of the

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

District, held by an investment company and are insured by the Securities Investor Protection Corporation. These investments are presented in the financial statements at fair value using level 1 fair value measure.

The certificates of deposits have initial maturities greater than 90 days and are carried at cost, which approximates market. Cash and money market funds are carried at cost, which approximates market. These are presented in the financial statements at fair value using level 2 fair value measure.

At December 31, 2025, the District had investments that consist of investments in Louisiana Asset Management Pool (LAMP) totaling \$1,685,509.

The Louisiana Asset Management Pool (LAMP) is a local government investment pool. In accordance with GASB codification section 150.126, the investment in LAMP at the District is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER- days) (from LAMP's monthly Portfolio Holdings) as of (DATE – month-end).

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depository institution failure, the government's deposits may not be returned to it. As of December 31, 2025, \$1,180,242 of the District's bank balances of \$1,840,214 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department, not in the District's name:

Demand deposits	<u>\$ 1,180,242</u>
-----------------	---------------------

(4) Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance at Jan. 1, 2025	Additions	Deletions	Balance at Dec. 31, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 274,881	\$	\$	\$ 274,881
Equipment in progress		998,926		998,926
Construction in progress	3,056,597		(3,056,597)	
	<u>3,331,478</u>	<u>998,926</u>	<u>(3,056,597)</u>	<u>1,273,807</u>
Capital assets, being depreciated:				
Buildings & improvements	1,381,894	3,327,354		4,709,248
Equipment	6,090,579	95,909		6,186,488
Total capital assets, being depreciated at historical cost	<u>7,472,473</u>	<u>3,423,263</u>		<u>10,895,736</u>
Less accumulated depreciation:				
Buildings	(794,863)	(110,224)		(905,087)
Equipment	(2,607,915)	(399,600)		(3,007,515)
Total accumulated depreciation	<u>(3,402,778)</u>	<u>(509,824)</u>		<u>(3,912,602)</u>
Total capital assets being depreciated, net	<u>4,069,695</u>	<u>2,913,439</u>		<u>6,983,134</u>
Governmental activities capital assets, net	<u>\$ 7,401,173</u>	<u>\$ 3,912,365</u>	<u>\$ (3,056,597)</u>	<u>\$ 8,256,941</u>

Equipment in progress is a new pumper fire truck for \$998,926, paid in advance with expectation of delivery in 2026. No depreciation is recorded on that fixed asset.

Depreciation expense for the year ended December 31, 2025 was \$509,824.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

(5) Risk Management

The District purchases commercial insurance to provide workers' compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(6) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

PLAN DESCRIPTION

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before completing 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect the maximum benefit (unreduced benefit which ceases upon the member's death) or any of the six other options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) and (C).

Deferred Retirement Option Plan

After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

CONTRIBUTIONS

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2025, employer and employee contribution rates for members above the poverty line were 33.25% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.00%, respectively. The District's contributions to the System for the years ended December 31, 2025, 2024, and 2023 were \$691,638, \$619,912, and \$408,203, respectively. Included in contributions for the year ended December 31, 2025, are contributions in the amount of \$62,239 for the month of December 2025, which was remitted in January, 2026.

Non-employer contributions

According to state statute, the System receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2025, and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2025 and attributable to the District were \$230,581.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At December 31, 2025, the District reported a liability of \$2,788,556 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each-employer's contribution to the System during the year ended June 30, 2025, as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2025. At June 30, 2025, the District's proportion was .6620370%, which was an increase of .1209220% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the District recognized pension expense of \$578,782, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$1,594).

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 357,098	\$ 50,310
Changes of assumptions	127,137	
Net difference between projected and actual earnings on pension plan investments		521,098
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,193,145	188,889
Employer contributions subsequent to the measurement date	<u>346,835</u>	
Total	<u>\$ 2,024,215</u>	<u>\$ 760,297</u>

The District reported a total of \$346,835 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025, which will be recognized as a reduction in net pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 487,129
2027	(62,699)
2028	(22,993)
2029	144,125
2030	254,923
2031	<u>116,598</u>
Total	<u>\$ 917,083</u>

ACTUARIAL METHODS AND ASSUMPTIONS

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a long-term time horizon. These rates are based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from several investment consulting firms in addition to the System's investment consultant, NEPC. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trial of returns over the upcoming thirty years were performed. The results of these trials were organized into percentiles and a reasonable range, equal to the 40th through 60th percentiles, was set. For the fiscal year ended June 30, 2025, the reasonable range was set at 6.64% through 7.76% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2025.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study completed August 9, 2025, for the period July 1, 2019 - June 30, 2024, unless otherwise specified in this report. Additional details are given in the actuary's completed 2025 Experience Study Report for the period of July 1, 2019 – June 30, 2024 which can be obtained from the Firefighters' Retirement System website at www.lafirs.org under the finance tab, Actuarial Reports section.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025, are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation)
Inflation Rate	2.50% per annum
Salary increases	14.50% in the first two years of service to 5.00% with 3 or more years of service.
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantially automatic and only those previously granted were included.

For June 30, 2025 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2016 Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 110% for males and 110% for females, each with full generational projection using the appropriate MP2021 scale.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, standard deviation, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

The June 30, 2025, the estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation Curran Actuarial Consulting average study. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from several investment consultants and investment management firms. Each consultant's response included nominal expected long-term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic nominal rate of return and standard deviation for the portfolio was determined. The target asset allocation changed slightly from June 30, 2024 to June 30, 2025. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2025.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025, are summarized in the following tables:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income		
U.S. Core Fixed Income	23.00%	2.09%
U.S. TIPS	2.00%	2.00%
Emerging Market Debt	2.00%	4.05%
Global Multisector Fixed Income	5.00%	2.34%
Equity		
U.S. Equity	27.00%	6.23%
Non-US Equity	11.00%	6.36%
Global Equity	10.00%	6.50%
Emerging Market Equity	4.00%	8.26%
Alternatives		
Real Estate	4.00%	4.85%
Private Equity/Private Debt	9.00%	9.77%
Real Assets	3.00%	5.93%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following represents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2025.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
Net Pension Liability	\$ 5,380,569	\$2,788,556	\$ 627,862

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2025, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2025. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2025. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.la.gov.

(7) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Series 2023 revenue bonds	\$ 1,068,877	\$ 431,125	\$ (35,162)	\$ 1,464,840	\$ 44,360
Other long-term liabilities:					
Net pension liability	3,046,789		(258,233)	2,788,556	
Compensated Absences	46,803	21,355		68,158	68,158
Total other long-term liabilities	<u>\$ 4,162,469</u>	<u>\$ 452,480</u>	<u>\$ (293,395)</u>	<u>4,321,554</u>	<u>112,518</u>
Less amounts due within period of availability-recorded in accounts payable				<u>(17,527)</u>	<u>(17,527)</u>
Total long-term liabilities, government-wide statements				<u>\$ 4,304,027</u>	<u>\$ 94,991</u>

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2025
(Continued)

The Series 2023 revenue bonds are considered a direct borrowing and a direct placement. The amount available for borrowing on the original issuance was \$1,500,000. The borrowing proceeds are to be used for the acquisition and/or construction of a new fire station. The bonds are secured by a pledge of all income and revenues received by the District. The bonds bear an interest rate of 5.50% with interest only paid monthly until March 3, 2025. The bonds have a maturity date of October 3, 2033.

Estimated debt service requirements on the revenue bonds, assuming the full \$1,500,000 of the bonds are borrowed, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	\$ 44,360	\$ 79,460	\$ 123,820
2027	46,863	76,957	123,820
2028	49,506	74,314	123,820
2029	52,298	71,522	123,820
2030	55,249	68,571	123,820
2031–2033	<u>1,216,564</u>	<u>176,777</u>	<u>1,393,341</u>
	<u>\$ 1,464,840</u>	<u>\$ 547,601</u>	<u>\$ 2,012,441</u>

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2025 consisted of the following:

Accounts payable	\$ 27,582
Payroll liabilities	112,223
Compensated absences	<u>17,527</u>
Total	<u>\$ 157,332</u>

(9) Deferred Inflows of Resources

Deferred inflows of resources recorded at December 31, 2025 consisted of the following:

Unavailable revenue:	
Ad valorem taxes	\$ 2,784,370
Assessment – service charges	<u>475,421</u>
Total fund statements	3,259,791
Pension related	<u>760,297</u>
Total government-wide statements	<u>\$ 4,020,088</u>

(10) Subsequent Events

Subsequent events have been evaluated through May 29, 2026, the date the financial statements were available to be issued.

(11) On-behalf Payments

Public safety employees of the District received a total of \$185,400 in supplemental pay from the State of Louisiana. The District recognizes this supplemental pay received by the employees as revenues and expenditures of the District.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Ad valorem taxes	\$ 2,667,144	\$ 2,713,470	\$ 2,712,003	\$ (1,467)
Service charge - assessment	466,179	464,260	464,263	3
Charges for services - transport fees	370,000	459,200	463,784	4,584
Sales tax	1,920,000	2,270,595	2,316,927	46,332
State revenue sharing	27,200	29,926	30,984	1,058
Grants		33,662	34,662	1,000
Fire insurance rebate	42,500	45,049	45,049	
Interest income	47,100	137,010	140,896	3,886
Miscellaneous	1,600	11,425	10,427	(998)
Total revenues	5,541,723	6,164,597	6,218,995	54,398
Expenditures				
Current - fire protection	4,716,907	4,487,786	4,945,172	(457,386)
Debt service	123,819	114,635	114,639	(4)
Capital outlay	959,266	1,675,424	1,365,592	309,832
Total expenditures	5,799,992	6,277,845	6,425,403	(147,558)
Excess revenues over (under) expenditures	(258,269)	(113,248)	(206,408)	(93,160)
Other financing sources				
Debt proceeds	431,123	431,123	431,125	2
Total other financing sources	431,123	431,123	431,125	2
Net change in fund balance	172,854	317,875	224,717	(93,158)
Fund balance at beginning of year	2,687,594	2,687,594	2,687,594	
Fund balance at end of year	\$ 2,860,448	\$ 3,005,469	\$ 2,912,311	\$ (93,158)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Required Supplementary Information
December 31, 2025

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2025 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ 224,717
Adjustments:	
Revenue accruals – net	53,202
Expenditure accruals – net	<u>213,959</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 491,878</u>

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2025

State of Louisiana Firefighters' Retirement System

<u>Year Ended December 31</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2025	0.662037%	\$ 2,788,556	\$ 2,043,298	136.47%	86.96%
2024	0.541115%	3,046,789	1,540,229	197.81%	81.68%
2023	0.394785%	2,576,685	1,059,775	243.14%	77.69%
2022	0.354166%	2,497,328	904,648	276.06%	74.68%
2021	0.419254%	1,485,774	1,051,610	141.29%	86.78%
2020	0.438936%	3,042,507	1,096,711	277.42%	72.61%
2019	0.451883%	2,829,651	1,092,143	259.09%	73.96%
2018	0.478845%	2,754,354	1,140,048	241.60%	74.76%
2017	0.491326%	2,816,206	1,140,188	246.99%	73.55%
2016	0.471400%	3,083,382	1,062,903	290.69%	68.16%

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Schedule of Contributions
For the Year Ended December 31, 2025

State of Louisiana Firefighters' Retirement System

<u>Year Ended December 31</u>	<u>Contractually Required Contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2025	\$ 691,638	\$ 691,638	\$	\$ 2,080,114	33.25%
2024	619,912	619,912		1,864,399	33.25%
2023	408,203	408,203		1,227,679	33.25%
2022	331,952	331,952		991,181	33.49%
2021	296,560	296,560		899,672	32.96%
2020	344,283	344,283		1,131,909	30.42%
2019	295,172	295,172		1,088,175	27.13%
2018	296,386	296,386		1,118,429	26.50%
2017	294,693	294,693		1,138,882	25.88%
2016	295,591	295,591		1,126,669	26.24%

Caddo Parish Fire District Number Three
Greenwood, Louisiana
A Component Unit of the Caddo Parish Commission
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025

Agency Head: Ernest Mitchell, Fire Chief (Until 9-30-25)

PURPOSE		AMOUNT
Salary	\$	107,140
Benefits - insurance		16,745
Benefits - retirement		34,106
State supplemental pay		5,400
Dues		25

Agency Head: Bradley N. Webb (Effective 10-1-25)

PURPOSE		AMOUNT
Salary	\$	26,250
Benefits - insurance		5,914
Benefits - retirement		9,127
State supplemental pay		1,200

**COOK & MOREHART,
Certified Public Accountants, LLC**

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Independent Auditors' Report

Board of Commissioners
Caddo Parish Fire District Number Three

We have audited, 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, the financial statements of the governmental activities and the major fund of the Caddo Parish Fire District Number Three as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Caddo Parish Fire District Number Three's basic financial statements, and have issued our report thereon dated May 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Caddo Parish Fire District Number Three'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caddo Parish Fire District Number Three's internal control. Accordingly, we do not express an opinion on the effectiveness of the Caddo Parish Fire District Number Three'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.

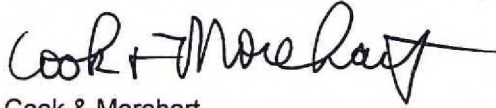
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Fire District Number Three'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart,
Certified Public Accountants, LLC
May 29, 2026

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2025

Summary of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2024.

Current Year Audit Findings and Corrective Action Plan
Schedule For Louisiana Legislative Auditor
December 31, 2025

Current Year Findings and Corrective Action Plan

There are no findings or management letter comments for the current year audit for the year ended December 31, 2025.

**COOK & MOREHART,
Certified Public Accountants, LLC**

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA
STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on
Applying Agreed-Upon Procedures

To the Board of Commissioners
Caddo Parish Fire District Number Three
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 (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The Caddo Parish Fire District Number Three's management is responsible for those C/C areas identified in the SAUPs.

The Caddo Parish Fire District Number Three (the District) 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 fiscal period 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. Obtain and inspect the entity's written policies and procedures and observe whether they address 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. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

2) Board or Finance Committee

- A. 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, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month 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 fiscal period 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.

Procedures performed. No exceptions noted.

3) Bank Reconciliations

- A. 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 select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for 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, 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.

Procedures performed. No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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 responsible for cash collections do not share cash drawers/registers;
The District does not utilize cash drawers.
 - ii. Each employee responsible for collecting cash is not also 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 also 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; and

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

Procedures performed. No exceptions noted.

- C. 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 in force during the fiscal period.

Procedures performed. No exceptions noted.

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

- i. Observe that receipts are sequentially pre-numbered.

The District does not write receipts for collections because the District does not collect any actual cash collections.

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

Procedures performed. No exceptions noted.

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

Procedures performed. No exceptions noted.

- 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).

Exception It is the District's policy to make deposits weekly unless significant deposit amounts are received. Those deposits are made the same day received.

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

Procedures performed. No exceptions noted.

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

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

- B. For each location selected under procedure #5A 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, then 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 or 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; and
 - 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.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- 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, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. 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 (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) 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.

Procedures performed. No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
- D. 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.

Procedures performed. No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and 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 that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - 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, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether 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, the documented approval); and
- 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.

Procedures performed. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. 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.

Procedures performed. No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedures performed. No exceptions noted.

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.

No debt instruments issued during the year ended December 31, 2025.

- 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).

Procedures performed. No exceptions noted.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

The District represented that there were no misappropriations of public funds and assets during the fiscal period.

- B. 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.

Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- A. 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.
- B. 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.

- C. 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.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll or Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedures #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.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

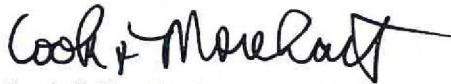
- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the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

Procedures performed. No exceptions noted.

We were engaged by the Caddo Parish Fire District Number Three 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 the Caddo Parish Fire District Number Three, 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 result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized flourish at the end.

Cook & Morehart,
Certified Public Accountants, LLC
May 29, 2026

Caddo Parish Fire District Three



P.O. Box 26
9081 Greenwood Road
Greenwood, LA 71033

Phone: (318) 938-5290
Fax: (318) 938-7625

May 29, 2026

Cook & Morehart,
Certified Public Accountants, LLC
1215 Hawn Ave
Shreveport, LA 71107

Caddo Parish Fire District Number Three submits the following responses to the exception identified in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2025:

Exception: It is the District's policy to make deposits weekly unless significant deposits are received. Those deposits are made the same day received.

Management's Response: The District will make significant deposits on the same day received.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Webb", is written over a horizontal line.

Bradley N. Webb
Fire Chief
Caddo Parish Fire District Number Three