DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
STONEWALL, LOUISIANA

ANNUAL FINANCIAL REPORT
DECEMBER 31, 2025

DeSoto Parish Fire Protection District No. 3

Stonewall, Louisiana

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T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – LLC
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

INDEPENDENT AUDITOR'S REPORT

DeSoto Parish Fire Protection District No. 3
5200 Hwy 3276
Stonewall, Louisiana 71078

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the DeSoto Parish Fire Protection District No. 3 ("District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the DeSoto Parish Fire Protection District No. 3 as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statements 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule, as listed in the Table of Contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Agency Head, Political Subdivision Head, or Chief Executive Officer 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 the Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 22, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 22, 2026, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards.* The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified din the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

June 22, 2026

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
December 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Fire Protection District No. 3 (the District), we offer the readers of our annual financial report our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

The District was determined to be a component unit of the DeSoto Parish Police Jury. The accompanying financial statements present information only on the funds maintained by the District.

FINANCIAL HIGHLIGHTS

The District experienced an increase in its total net position of $188,016 or 9.44% during the year continuing a trend of increases over the last several years. At December 31, 2025, the assets of the District exceeded its liabilities by $2,180,694.

Ad valorem tax revenues decreased $73,342 (10.42%) to $630,443 during 2025 from $703,785 during the prior year. This decrease was due to a decrease in assessed property values during the year.

Parcel fees revenues continued an upward trend in 2025, increasing $3,100 (1.93%) to $163,650 from $160,550 in 2024.

The District's total expenses of $561,072 (net of $92,284 of depreciation) in 2025 were a decrease of $28,213 or 4.79% from the 2024 reported total of $589,285.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and supplementary information in addition to the basic financial statements. These components are described below:

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the District's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the District's financial position, which assists users in assessing the District's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets of the District as well as all liabilities. The government-wide financial statements include two statements:

- The *statement of net position* presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District has only one fund, the general fund, which is a governmental fund.

Governmental funds. The services provided by the District are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The District has one governmental fund, the General Fund, which is classified as a major fund.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance of the General Fund as presented in the governmental fund financial statements.

SUPPLEMENTARY INFORMATION

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2025, the District's assets exceed its liabilities by $2,180,694 (net position).

The unrestricted net position of $1,715,074 (78.65% of total net position) represents the amount available to be used to meet the District's ongoing obligations to its citizens. The remaining 21.35% of net position ($465,620) is net investment in capital assets.

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At December 31, 2025, $465,620 or 21.35% of the District's net position reflects capital assets with a historical cost of $2,428,034 less accumulated depreciation of $1,789,777 and related debt of $172,637.

Total net accounts receivable decreased $92,399 or 11.40% primarily resulting from the decreased ad valorem tax revenues previously referenced and the decreased receivables associated therewith.

Total liabilities for the District decreased $43,667 or 18.26% from 2024, a trend that is expected to continue as long-term debt incurred for a new pumper truck purchased in 2022 is paid down.

A Summary of Statement of Net Position at December 31:

	Governmental Activities		
ASSETS	2025	2024	% Change
Cash and cash equivalents	$ 683,832	$ 449,354	52.18%
Investments	325,095	316,627	2.67%
Accounts receivable	718,388	810,787	-11.40%
Prepaid expenses	10,557	11,609	-9.06%
Capital assets, net	638,257	643,403	-0.80%
Total assets	2,376,129	2,231,780	6.47%
LIABILITIES			
Current liabilities	22,798	26,104	-12.66%
Long-term liabilities	172,637	212,998	-18.95%
Total liabilities	195,435	239,102	-18.26%
NET POSITION			
Net investment in capital assets	465,620	430,405	8.18%
Unrestricted	1,715,074	1,562,273	9.78%
Total net position	$ 2,180,694	$ 1,992,678	9.44%

The following schedule compares revenues and expenses for the current and previous year. Total revenues decreased $116,399 or 12.15% over prior year amounts. Approximately 74.93% of the District's total revenues come from property taxes and 19.45% from parcel fees. Total expenses decreased 4.41% ($30,149) over the prior year.

A Summary of Statement of Activities as of December 31:

	Governmental Activities		
	2025	2024	% Change
Program Revenues:			
Charges for services-parcel fees	$ 163,650	$ 160,550	1.93%
Grants and contributions	4,000	24,643	-83.77%
General Revenues:			
Ad valorem taxes	630,443	703,785	-10.42%
Intergovernmental revenues	30,281	32,297	-6.24%
Interest income	12,833	13,426	-4.42%
Other revenue	165	23,070	-99.28%
Total revenues	841,372	957,771	-12.15%
Expenses			
Public safety	653,356	683,505	-4.41%
Total expenses	653,356	683,505	-4.41%
Increases (decrease) in net position	188,016	274,266	-31.45%
Net position beginning	1,992,678	1,718,412	15.96%
Net position, ending	$ 2,180,694	$ 1,992,678	9.44%

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

As of the end of the year, the District's only governmental fund, the general fund, reported an ending fund balance of $1,674,702, an increase of $147,946 (9.69%) compared to the prior year fund balance of $1,526,756.

100% of the ending fund balance is unassigned and is available for spending in the coming year.

Additionally, as a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance of $1,674,702 represents 243.59% of the total general fund expenditures of $687,519 for the year ended December 31, 2025. This indicates a high level of liquidity.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopted a budget for its General Fund for the year ended December 31, 2025. Actual revenues adjusted to budgetary basis were $15,278 (1.67%) more than the final budgeted amounts. Actual expenditures adjusted to budgetary basis were less than the budgeted amounts by $5,366 (0.77%). The budget was not amended during the year. The District is in compliance with the Local Government Budget Act.

DEBT ADMINISTRATION

The District entered into a financed purchase agreement with REV Financial Services, LLC for $327,824 to fund the purchase of one pumper truck during the year ended December 31, 2022. This debt has been reduced by $155,187 in principal payments made including $40,360 in the current year. This leaves a balance of $172,637 due on the long-term debt.

CAPITAL ASSETS

The District acquired a new F550 Brush Truck during the year for a total of $87,138.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source for the District is ad valorem property taxes. This tax is not subject to changes in the economy in the short term. However, in the long-term, the ability to sustain this income could affect the District's revenue. The budget for fiscal year 2026 should not change significantly from the fiscal year end 2025 budget.

CONTACTING THE DISTRICT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 3 and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greg Baker, Chairman, at P. O. Box 329, Stonewall, Louisiana, 71078 or call at (318) 925-0087.

BASIC FINANCIAL STATEMENTS

STATEMENT A

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION
December 31, 2025

	Governmental Funds Financial Statements **Balance Sheet** General Fund	Adjustments	Government-wide Statements **Statement of Net Position**
Assets			
Current assets:			
Cash and cash equivalents	$ 683,832	$ -	$ 683,832
Investments	325,095	-	325,095
Ad valorem taxes receivable	584,468	-	584,468
Parcel fees receivable	133,920	-	133,920
Prepaid expenses	-	10,557	10,557
Noncurrent assets:			
Capital assets, net	-	638,257	638,257
Total assets	$ 1,727,315	$ 648,814	$ 2,376,129
Liabilities			
Current liabilities:			
Accounts payable	$ 13,255	$ -	$ 13,255
Payroll liabilities	9,543	-	9,543
Noncurrent liabilities:			
Notes payable due within one year	-	41,450	41,450
Notes payable due after one year	-	131,187	131,187
Total liabilities	22,798	172,637	195,435
Deferred inflows of resources			
Unavailable ad valorem taxes	19,914	(19,914)	-
Unavailable parcel fees	9,901	(9,901)	-
Total deferred inflows of resources	29,815	(29,815)	-
Fund balance / Net position			
Fund balance:			
Unassigned	1,674,702	(1,674,702)	-
Total fund balance	1,674,702	(1,674,702)	-
Total liabilities, deferred inflows of resources, and fund balance	$ 1,727,315	(1,531,880)	-
Net position:			
Net investment in capital assets		465,620	465,620
Unrestricted		1,715,074	1,715,074
Total net position		$ -	$ 2,180,694

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT B

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
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RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2025

Total net position reported for governmental activities in the Statement of Net Position are different because:		
Fund Balance - Governmental Fund		$ 1,674,702
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current fiscal year		10,557
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds		
Add - Capital assets	$ 2,428,034	
Deduct - Accumulated depreciation	(1,789,777)	638,257
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are reflected as income in the Government-wide statements.		
Deferred ad valorem taxes		19,914
Deferred assessment fees		9,901
Noncurrent liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		(172,637)
Net Position of Governmental Activities		$ 2,180,694

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT C

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
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STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES

For the year ended December 31, 2025

	Governmental Funds Financial Statements — **Statement of Revenues Expenditures, and Changes in Fund Balance** General Fund	Adjustments	Government-wide Statements — **Statement of Activities**
Expenditures / Expenses			
Current			
General Government - Public Safety	$ 554,269	$ 1,052	$ 555,321
Capital outlays	87,138	(87,138)	-
Debt service:			
Principal	40,361	(40,361)	-
Interest	5,751	-	5,751
Depreciation	-	92,284	92,284
Total expenditures / expenses	687,519	(34,163)	653,356
Program revenues			
Charges for services	162,924	726	163,650
Operating grants & contributions	4,000	-	4,000
Capital grants & contributions		-	-
Total program revenues	166,924	726	167,650
Net program revenue (expense)			(485,706)
General revenues			
Ad valorem taxes	625,262	5,181	630,443
Interest earnings	12,833	-	12,833
Fire insurance rebate	22,481	-	22,481
State supplemental pay	7,800	-	7,800
Other income	165	-	165
Total general revenues	668,541	5,181	673,722
Net change in fund balance / Change in net position	147,946	40,070	188,016
Fund balance / Net position			
Beginning of the year	1,526,756		1,992,678
End of the year	$ 1,674,702		$ 2,180,694

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT D

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
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RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Governmental Funds	$ 147,946
Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable to current periods are recognized.	(1,052)
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of assets are capitalized and allocated over their estimated useful lives and reported as depreciation. Therefore, capital expenditures are not recorded in the Statement of Activities.	
Capital outlays	87,138
Depreciation	(92,284)
The issuance of long-term debt provides current financial resources to government funds while the repayment of principal of long-term debt consumes financial resources.	
Principal payments on long-term debt	40,361
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds.	
Change in deferred ad valorem taxes	5,181
Change in deferred assessment fees	726
Change in Net Position of Governmental Activities	$ 188,016

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

DeSoto Parish Fire Protection District No. 3 (the District) was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on July 22, 1987. The District is governed by a five-member board appointed in accordance with LRS 40:1496 as follows: two members by the Police Jury, two members by the Town of Stonewall, and one, the chairman, by the other four members. The District is responsible for maintaining and operating five fire stations and related equipment, and providing fire protection and rescue services to approximately 7,000 residents and taxpayers in the northwestern part of the parish. The District is staffed by a full-time Chief and Deputy Chief and around 20 volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for GAAP for state and local governments through its pronouncements. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide.*

The significant accounting and reporting policies and practices used by the District are described below.

B. Reporting Entity

The District was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The District has one governmental fund, the general fund.

The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of an entity. The only governmental fund of the District, the general fund, is the only recognized major fund.

The general fund, as provided by Louisiana Revised Statute 13:5522, is the principal fund and is used to account for the operations of the District's office. The District's primary sources of revenue are ad valorem taxes and parcel fees. General operating expenditures are paid from the general fund.

D. Basis of Accounting/Measurement Focus

Governmental Fund Financial Statements

The columns labeled Governmental Funds Financial Statements for the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting/Measurement Focus (continued)

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and parcel fees are recorded in the year the taxes and fees are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements in which the District must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the District on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures

Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred. Sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with the District's activities are reported. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues reduce the cost of the function to be financed from the District's general revenues. Revenues that are not classified as program revenues, including interest, are presented as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash, Cash Equivalents, and Investments

Cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and money market accounts.

Cash equivalents include time deposits (certificates of deposit), short-term, highly liquid investment with original maturities of ninety (90) days or less when purchased including amounts invested in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are limited by Louisiana Revised Statute 33:2955 and for the District are limited to time deposits (certificates of deposit) with original maturities greater than 90 days when purchased.

Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in LAMP.

F. Prepaid Expenses

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

G. Accounts Receivable

Receivables for the governmental activities include ad valorem taxes and parcel fees. These receivables are considered fully collectible and, thus, no allowance for uncollectibles is utilized.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of $2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Firefighting equipment	5-10 years
Fire trucks	15 years
Other vehicles	5-10 years
Office equipment	3 years

I. Unavailable ad valorem taxes and parcel fees

The District recognizes property tax and parcel fee revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes and parcel fees as of December 31, 2025, are recorded as a receivable. Those net property taxes and parcel fees receivable which were not collected within 60 days immediately following December 31, 2025, are recorded as unavailable tax revenue.

J. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, this involves unavailable ad valorem taxes and parcel fees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Net Position and Fund Equity

Net Position. In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net position and is reported in three components:

a. Net investment in capital assets--Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net position--Consists of net position with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position--Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The District's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances. The District uses fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

1. Nonspendable--Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
2. Restricted--Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
3. Committed--Amounts constrained by the District itself. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.
4. Assigned--Amounts the District intends to use for a specific purpose.
5. Unassigned--All other spendable amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The General Fund, the District's only governmental fund, has an unassigned fund balance of $1,674,702.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents:

At December 31, 2025, the District has cash and cash equivalent balances totaling $683,832 (book balance). Cash consists only of interest-bearing demand deposits.

Investments:

At December 31, 2025, the District has investment balances totaling $325,095 (book balance). Investments consist only of certificates of deposit (CD's) with maturities of one year or less when acquired.

The CD's are stated at cost, which approximates fair value.

The cash and investments of the District are subject to the following risk:

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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

At December 31, 2025, the District had $1,018,907 in deposits (collected bank balances). These deposits were secured from risk by $500,000 of federal deposit insurance and pledged securities with a market value of $1,736,100 held by the custodial banks in the name of the District.

3. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2025 are as follows:

Governmental Activities	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Land	$ 11,450	$ -	$ -	$ 11,450
Capital assets being depreciated:				
Vehicles	1,774,559	87,138	-	1,861,697
Buildings	229,820	-	-	229,820
Firefighting equipment	313,257	-	-	313,257
Office equipment	11,810	-	-	11,810
Total assets being depreciated	2,329,446	87,138	-	2,416,584
Less Accumulated Depreciation				
Vehicles	1,240,062	77,883	-	1,317,945
Buildings	188,158	5,319	-	193,477
Firefighting equipment	257,463	9,082	-	266,545
Office equipment	11,810	-	-	11,810
Total	1,697,493	92,284	-	1,789,777
Capital Assets, Net	$ 643,403	$ (5,146)	$ -	$ 638,257

Depreciation expense of $92,284 was charged to the public safety function.

4. LEVIED TAXES

Ad Valorem Taxes

The District levies taxes on real and business property located within the boundaries of the District. Property taxes are levied by the District on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The DeSoto Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied. The property tax calendar is as follows:

Assessment date	January 1, 2025
Levy date	June 30, 2025
Tax bills mailed	October 15, 2025
Total taxes are due	December 31, 2025
Penalties & interest added	January 31, 2026
Tax sale	May 15, 2026

4. LEVIED TAXES (continued)

The District has authorized 10.00 and levied 9.72 ad valorem millage for 2025. The resolution assessing the taxes was approved by the district voters November 21, 2015, effective January 2016, and was renewed December 7, 2024 for another 10 years beginning with the tax year 2026. The assessment is to cover the cost of fire protection equipment, the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

Ad valorem taxes are recorded in the year the taxes are assessed. The taxes are normally collected in December of the current year and January and February of the ensuing year. Total assessed value in the District was $64,860,274 in 2025. Louisiana state law exempts the first $75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption represents a total of $18,219,945 in assessed value or $177,098 in lost taxes for 2025. Total ad valorem tax revenues recognized in 2025 by the District was $630,443.

The following are the principal taxpayers for the District (2025 amounts):

	Type of business	Assessed valuation	% of total assessed valuation	Ad valorem tax revenue to District
Expand Energy Corporation	Oil & Gas	$ 11,410,876	17.59%	$ 110,895
Magnolia Midstream Gas Services	Oil & Gas	2,638,222	4.07%	25,659
Stonewall Auto Ventures, LLC	Auto Dealer	1,743,642	2.69%	16,959
Comstock Oil & Gas	Oil & Gas	1,484,678	2.29%	14,437
Allegiance Crane & Equipment	Industrial	1,155,714	1.78%	11,222
Marketplace Chevrolet/Buick	Auto Dealer	647,937	1.00%	6,304
MAW Real Estate, LLC	Real Estate	610,197	0.94%	5,926
Centerpoint Energy - Arkla	Public Utility	475,460	0.73%	4,602
Comcast of LA/MS/TX, LLC	Telecomm	429,857	0.66%	4,161
Gulf Run Transmission LLC	Oil & Gas	391,028	0.60%	3,783
Total		$ 20,987,611	32.35%	$ 203,948

Parcel fees

As per Louisiana RS 40:1502, the District annually levies a service charge of $50 to persons owning assessed property located within its boundaries. The resolution assessing the service charges was reapproved by the district voters December 7, 2024 for an additional 10 years beginning with tax year 2028. The assessment is to cover the cost of fire protection equipment, the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes. On October 14, 2017, the voters of the District approved Louisiana RS 40:1502.16. This statute states assessment fees are to be charged on all residential or commercial structures, whether occupied or unoccupied located in the district and will be billed and collected through the DeSoto Parish Sheriff's office in October of each year when property tax assessments are billed. Due dates and dates of penalties assessed will also follow the property tax calendar dates. The District recognized $163,650 in revenue for the year ended December 31, 2025.

5. RETIREMENT COMMITMENTS

All employees of the District are members of the Federal Social Security System. The District and its employees contribute a percentage of each employee's salary to the System (6.2% by the employee). The District's contribution during the year ended December 31, 2025, amounts to $23,481.

6. COOPERATIVE ENDEAVOR AGREEMENTS

During 2019 the District along with 5 other Parish Fire Districts entered into a Cooperative Endeavor Agreement with the DeSoto Parish Sheriff's Office. The Sheriff's Office will provide the Fire Districts with adequate dispatching services for the annual sum of $275,000 (payable in four quarterly payments) to be paid proportionally by each of the Fire Districts based on 2018 millage revenues. The total portion of the District is $16,835 ($4,208.75 due quarterly). The DeSoto Sheriff agreed to hire 4 full time employees to provide the dispatching services and to employ a communications supervisor for those employees dispatching for the Fire Districts.

7. LEASE AGREEMENTS

The District has the following lease agreements:

- 40-year lease commencing April 1, 1990, with North DeSoto Water System to provide water to the District. Annual payment due of $1.
- 99-year lease (or as long as the District exists) commencing October 1, 1990, with J. U. Burford to lease the land at 2426 Hwy. 171 for Station 2. Annual payment due of $1.

The District has determined that these leases do not meet the materiality threshold for recognition under GASB Statement No. 87.

8. LONG-TERM DEBT

On June 16, 2021, the Board of Commissioners of the District approved an eight-year Financed Purchase Agreement dated June 22, 2021 with REV Financial Services, LLC, for the purchase of one new pumper truck delivered in 2022. The principal amount is $327,824 with an interest rate of 2.40%. The agreement calls for an annual payment of $46,111, which includes principal and interest.

The following is a summary of long-term debt transactions for the year ended December 31, 2025:

Long-term debt payable at December 31, 2024	$	212,998
New debt issued		-
Less payments made during year		(40,361)
Long-term debt payable as December 31, 2025	$	172,637
Amount of long-term debt due within one year	$	41,450

The future minimum debt payments and interest required under the above referenced Financed Purchase Agreement:

Due	Principal	Interest	Total
2026	41,450	4,661	46,111
2027	42,569	3,542	46,111
2028	43,719	2,393	46,112
2029	44,899	1,212	46,111
	$172,637	$ 11,808	$184,445

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets and errors and omissions. To handle some of the risk, the District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2025.

10. LITIGATION

There is no litigation pending against the District, at December 31, 2025, nor is it aware of any unasserted claims.

11. COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the District receive no compensation for their services.

12. SUBSEQUENT EVENTS

Management has performed an evaluation of the District's activities through June 22, 2026 and has concluded that there were no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the year ended December 31, 2025

	Budgeted Amounts					Variance
				Adjust to	Actual Amounts	with final budget
	Original	Final	Actual	budgetary basis	budgetary basis	positive (negative)
Revenues						
Charges for services	$ 160,550	$ 160,550	$ 162,924	$ 545	$ 163,469	$ 2,919
Operating grants & contributions	-	-	4,000	-	4,000	4,000
Capital grants & contributions	-	-	-	-	-	-
Ad valorem taxes	703,786	703,786	625,262	91,554	716,816	13,030
Interest earnings	3,500	3,500	12,833	-	12,833	9,333
Fire insurance rebate	20,000	20,000	22,481	-	22,481	2,481
State supplemental pay	14,400	14,400	7,800	-	7,800	(6,600)
Other income	10,050	10,050	165	-	165	(9,885)
Total Revenues	912,286	912,286	835,465	92,099	927,564	15,278
Expenditures						
Current						
General Government - Public Safety	646,774	646,774	554,269	-	554,269	92,505
Capital outlays	-	-	87,138	-	87,138	(87,138)
Debt service:						
Principal	40,360	40,360	40,361	-	40,361	(1)
Interest	5,751	5,751	5,751	-	5,751	-
Total Expenditures	692,885	692,885	687,519	-	687,519	5,366
Net Change in Fund Balance	219,401	219,401	147,946	92,099	240,045	20,644
Fund balances, beginning of year	1,526,756	1,526,756	1,526,756	-	1,526,756	-
Fund balances, end of year	$ 1,746,157	$ 1,746,157	$ 1,674,702	$ 92,099	$ 1,766,801	$ 20,644

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

SCHEDULE 2

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the year ended December 31, 2025

Agency Head: Fred Rison, Fire Chief

Purpose	Amount
Salary	65,747
State Supplemental Pay	7,500
Benefits - other	10,663
Payroll Taxes	5,392
Auto use	-
Vehicle provided by government	-
Per diem	-
Reimbursements	187
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Dues	-
Unvouchered expenses	-
Special meals	-

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2025

Budgetary Information

DeSoto Parish Fire Protection District No. 3 (the District) is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In an open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The original budget was approved by the board on December 12, 2024. The budget was not amended during the year.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the modified accrual basis of accounting.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more. Total actual revenues adjusted to budgetary basis were more than budgeted revenues by $15,278 (1.67%). Total actual expenditures adjusted to budgetary basis were less than budgeted amounts by $5,366 (0.77%).

The District is in compliance with the Local Government Budget Act R.S. 39:1301-14 and the budget requirements of LSA-RS 39:34.

OTHER REPORTS/SCHEDULES

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – LLC
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

DeSoto Parish Fire Protection District No. 3
5200 Hwy 3276
Stonewall, Louisiana 71078

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire Protection District No. 3's (District) basic financial statements and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

June 22, 2026

DeSoto Parish Fire Protection District No. 3
Schedule of Audit Results
Year Ended December 31, 2025

I. Summary of Audit Results

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Fire Protection District No. 3 as of and for the year ended December 31, 2025.

2. The audit did not disclose any material weaknesses in the internal control.

3. The audit disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None identified.

III. PRIOR YEAR AUDIT FINDINGS

None identified.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the DeSoto Parish Fire Protection District No. 3 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 DeSoto Parish Fire Protection District No. 3's (District) management is responsible for those C/C areas identified in the SAUPs.

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 for 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:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the operations:

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

   - ***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.

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

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

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

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

- ***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).

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

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

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

- ***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.

- ***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.

Procedure Results: No exceptions were noted as a result of these procedures.

Board or Finance Committee

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:

   - Observed 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.

   - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual comparisons on all proprietary funds, and semi-annual budget-to-actual comparisons on all special revenue funds.

   - Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted net position in the prior year audit report, observed 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.

- Observed 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.

Procedure Results: No exceptions were noted as a result of these procedures.

Bank Reconciliations

3. We obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:

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

- Bank reconciliations included 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 one month of the date the reconciliation was prepared (e.g. initialed and dated, electronically logged); and

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

Procedure Results: No exceptions were noted as a result of these procedures.

Collections (excluding electronic funds transfers)

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).

5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, then inquired of employees about their job duties) at each collection location, and observed that job duties were properly segregated at each collection location such that:

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

- 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.

- 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.

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

6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was in force during the fiscal period.

7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). We obtained supporting documentation for each of the deposits selected and:

   - We observed that receipts are sequentially pre-numbered.

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

   - We traced the deposit slip total to the actual deposit per the bank statement.

   - We observed 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).

   - We traced the actual deposit per the bank statement to the general ledger.

Procedure Results: No exceptions were noted as a result of these procedures.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (or all locations if less than 5).

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

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

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

   - 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.

   - 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.

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

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

    - We observed that the disbursement, whether 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.

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

11. Using the entity's main operating account and the month selected in procedure #3 under Bank Reconciliations, we randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed 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. If no electronic payments were made from the main operating account during the month selected, we selected an alternative month and/or account for testing that does include electronic disbursements.

Procedure Results: No exceptions were noted as a result of these procedures.

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

12. We obtained 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. We obtained management's representation that the listing is complete.

13. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:

    - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

    - We observed that finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required number of transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (a) an original itemized receipt that identified precisely what was purchased, (b) written documentation of the business/public purpose, and (c) documentation of the individuals participating in meals (for meal charges only). For missing receipts, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results: No exceptions were noted as a result of these procedures.

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

15. We obtained 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. We randomly selected 5 reimbursements, and obtained 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:

    - If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

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

    - We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1, 8th bullet).

    - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

    Procedure Results: No exceptions were noted as a result of these procedures.

Contracts

16. We obtained from management a listing of all agreements/contracts (or active vendor list) for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to 5) from the listing, excluding our contract, and:

    - We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    - We observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

    - If the contract was amended (e.g. change order), we observed 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 document approval).

    - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

    Procedure Results: No exceptions were noted as a result of these procedures.

Payroll and Personnel

17. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

18. We randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, we obtained attendance records and leave documentation for the pay period, and:

    - We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

    - We observed that supervisors approved the attendance and leave of the selected employees or officials.

    - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    - We observed that the rate paid to the employees or officials agrees to the authorized salary/pay rate found with the personnel file.

19. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. If applicable, we agreed the hours to the employee's or official's cumulative leave records, and the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and the termination payment to entity policy.

20. We obtained 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.

Procedure Results: No exceptions were noted as a result of these procedures.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:

    - We observed 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.

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

22. We inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure Results: No exceptions were noted as a result of these procedures.

Debt Service

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

24. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

Procedure Results: No exceptions were noted as a result of these procedures.

Fraud Notice

25. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed 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.

26. We observed whether 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.

Procedure Results: No exceptions were noted as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

27. We performed the following procedures:

    - We obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed 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.

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

    - We obtained a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed 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.

28. We randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 and observed evidence that the selected terminated employees have been removed or disabled from the network.

29. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, we obtained cybersecurity training documentation from management and observed that the documentation demonstrates that the selected 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.

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

    Procedure Results: We performed the procedures and discussed the results with management.

Prevention of Sexual Harassment

30. We randomly selected the employees/officials from procedure #17 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed 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.

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

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

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

    - Number of sexual harassment complaints received by the agency;

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

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

    - Amount of time it took to resolve each complaint.

    Procedure Results: No exceptions were noted as a result of these procedures.

We were engaged by the District 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

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