

**Fire Protection District No. 3
of Lafourche Parish**
Annual Financial Report
Year Ended June 30, 2025

Fire Protection District No. 3 of Lafourche Parish

Annual Financial Report
Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Fire Protection District No. 3 of Lafourche Parish
Galliano, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of Lafourche Parish (the District), a component unit of the Lafourche Parish Government, as of and for the year ended June 30, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the District as of June 30, 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 Opinion

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. 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment 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 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 on pages 5 through 9, the Budgetary Comparison Schedule – General Fund on page 32, the Schedule of Employer's Share of Net Pension Liability on page 33, and the Schedule of Employer Contributions on page 34 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to District Head on page 35 and the accompanying Schedule of Expenditures of Federal Awards on page 45, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are 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 District Head and the Schedule of Expenditures of Federal Awards are 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 January 15, 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, regulations, contracts, 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 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.

A handwritten signature in cursive script that reads "Martin and Pelpin".

Houma, Louisiana
January 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fire Protection District No. 3 of Lafourche Parish
Management's Discussion and Analysis
Year Ended June 30, 2025

As management of Fire Protection District No. 3 of Lafourche Parish (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$18,121,319 (net position) as of June 30, 2025.
- Revenues exceeded expenditures by \$6,556,201 during the year.
- The District received federal funds totaling \$1,047,339, primarily related to reimbursements for amounts spent for construction of and repairs to buildings damaged by Hurricane Ida.
- The District received approximately \$2.9 million in settlement proceeds from mediation against its insurance carrier for Hurricane Ida related damages.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's financial statements consist of the following:

Statement of Net Position: This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Statement of Activities: Consistent with the full accrual basis of accounting method, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

Balance Sheet – Governmental Fund – General Fund: This statement presents the District's assets, liabilities, and fund balance for its general fund only.

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – General Fund: Consistent with the modified accrual basis of accounting method, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in fund balance.

Notes to the Financial Statements: The accompanying notes provide additional information essential to a full understanding of the data provided in the financial statements.

Fire Protection District No. 3 of Lafourche Parish
Management's Discussion and Analysis
Year Ended June 30, 2025

BASIC FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,121,319 at the close of the most recent year, June 30, 2025. The largest portions of the District's total assets are cash and cash equivalents (61%) and capital assets, net of accumulated depreciation (39%).

The District's Net Position

	June 30,	
	2025	2024
ASSETS		
Current assets	\$ 13,165,264	\$ 7,614,201
Capital assets, net of accumulated depreciation	8,417,190	7,595,034
	21,582,454	15,209,235
DEFERRED OUTFLOWS OF RESOURCES		
	871,066	1,342,651
LIABILITIES		
Current liabilities	209,204	337,080
Long-term liabilities	3,294,427	3,885,759
	3,503,631	4,222,839
DEFERRED INFLOWS OF RESOURCES		
Pension-related	828,570	763,929
NET POSITION		
Net investment in capital assets	8,417,190	7,595,034
Unrestricted	9,704,129	3,970,084
	\$ 18,121,319	\$ 11,565,118

Total assets plus deferred outflows of resources increased by \$5,901,634, and total liabilities plus deferred inflows of resources decreased by \$654,567. The increase in assets and deferred outflows of resources is primarily due to an influx of cash received during the year attributable to mediation settlement with its insurance provider, increased millage, and FEMA reimbursements. The decrease in liabilities and deferred inflows of resources is mostly due to a \$769,951 decrease in net pension liability.

Fire Protection District No. 3 of Lafourche Parish
Management's Discussion and Analysis
Year Ended June 30, 2025

BASIC FINANCIAL ANALYSIS (Cont.)

During the year, the District's net position increased by \$6,556,201. The elements of the increase are as follows:

	For the Year Ended	
	June 30,	
	2025	2024
REVENUES		
Ad valorem taxes	\$ 6,109,460	3,099,040
FEMA reimbursements	1,047,339	2,045,660
Agency income	837,607	648,752
Act 776 aid	400,000	400,000
Other	37,088	78,724
State supplemental pay	211,480	183,655
2% fire insurance tax	168,990	162,677
Pension-related	139,050	147,201
Insurance proceeds	2,932,304	150,850
Interest income	180,590	90,589
Hurricane Ida Recovery Fund grant	227,079	-
State revenue sharing	22,319	22,411
	<u>12,313,306</u>	<u>7,029,559</u>
EXPENSES		
Public safety - fire protection		
Salaries and related benefits	2,783,959	3,158,013
Insurance	1,080,793	1,029,591
Other services and charges	1,024,724	829,450
Repairs and maintenance	153,974	157,135
Dispatch contract	122,461	121,497
Utilities	82,615	107,259
Supplies	58,566	76,285
Fuel	53,979	64,379
Professional fees	47,375	31,623
Training and travel	39,954	18,685
Depreciation	297,711	512,637
Interest expense	10,994	7,002
	<u>5,757,105</u>	<u>6,113,556</u>
CHANGE IN NET POSITION	6,556,201	916,003
NET POSITION - BEGINNING	11,565,118	9,485,264
Prior period correction	-	1,163,851
	<u>-</u>	<u>1,163,851</u>
NET POSITION - ENDING	\$ 18,121,319	\$ 11,565,118

The change in net position is primarily attributable to funds received from mediation settlement from the insurance carrier, an increase in ad valorem taxes from an increased millage passed in April 2024, and FEMA reimbursements received.

Fire Protection District No. 3 of Lafourche Parish
Management's Discussion and Analysis
Year Ended June 30, 2025

CAPITAL ASSETS

As of June 30, 2025, the District invested in capital assets as follows:

	2025	2024*
Capital assets	\$ 17,510,533	\$ 16,605,363
Less accumulated depreciation	(9,093,343)	(9,010,329)
	\$ 8,417,190	\$ 7,595,034

**Restated*

Capital assets consist of land, construction in progress, buildings, improvements, and equipment. During the year, the District disposed of capital assets with a cost of \$663,260. The assets disposed were buildings damaged by Hurricane Ida and were demolished in preparation for upcoming construction projects. Depreciation expense for the year is \$297,711.

Capital assets for the year ended June 30, 2024, have been restated for the correction of prior period errors which have been summarized below:

- Three fire station buildings were previously not included within the capital assets listing. It was determined that all three buildings were fully depreciated using the original purchase and building survey dates. Including a 10% salvage value, the correction increased capital assets by \$429,917, accumulated depreciation by \$386,924, and net position by \$42,993.
- Land owned by the District was not completely recorded. Total value of land corrected was \$35,984.
- Salvage value was not considered when recording capital assets and calculating depreciation in previous periods. Management determined a 10% salvage value was appropriate for its buildings and vehicles. The correction decreased accumulated depreciation and increased net position by \$856,179.
- Demolition costs for construction projects deemed to be replacements by FEMA were previously expensed. The costs are all associated with ongoing construction. The correction increased in construction in progress and net position by \$228,695.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS AND ACTUAL RESULTS

The District's annual budget is adopted on a modified accrual basis of accounting excluding certain noncash items, such as depreciation. The District amended its budget once during the year. Budgeted expenditures were amended to reclassify costs between categories and adjust expected costs for professional fees related to accounting and audit services.

Fire Protection District No. 3 of Lafourche Parish
Management's Discussion and Analysis
Year Ended June 30, 2025

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS AND ACTUAL RESULTS
(Cont.)

The District's actual revenues were more than the budgeted revenues by \$1,815,827, a favorable variance of 24.5%. The District did not include the mediation settlement proceeds in the budgeted amounts as it was a contingency at the time of the budget's adoption. The District's actual expenditures were less than the budgeted expenditures by \$1,700,424, a favorable variance of 20.3%.

INCIDENTS AND CALLS

The community which is served by Fire Protection District No. 3 of Lafourche Parish continues to grow and expand. The demand for public services such as Fire Suppression, Rescue, and EMS remains steady.

The following is a summary of the calls responded to, by type, for the last three years:

<u>Incidents Dispatched</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Structure fire	87	77	29
Vehicle fire	18	25	23
Other fire	95	180	131
Rescue/emergency medical	370	331	369
False alarm	149	158	183
Hazardous	150	113	55
All other	276	261	235
Total	<u>1,145</u>	<u>1,145</u>	<u>1,025</u>
Increase or decrease from prior year	0.00%	11.71%	-23.16%

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with such an interest. If you should have any further questions concerning any of the information provided in this report or have a request for additional financial information, please direct your inquiries to:

Mr. Devin Dedon, Fire Chief
 135 West 158th Street
 Galliano, Louisiana 70354
 Phone: (985) 632-8068

FINANCIAL STATEMENTS

Fire Protection District No. 3 of Lafourche Parish
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,633,241
Certificates of deposit	6,000,000
Ad valorem taxes receivable	29,689
Due from other government	206,504
2% fire insurance receivable	168,990
Interest receivable	87,052
Prepaid items	39,788
Total current assets	13,165,264
Capital assets:	
Non-depreciable	1,749,726
Depreciable, net	6,667,464
TOTAL ASSETS	21,582,454
DEFERRED OUTFLOWS OF RESOURCES - PENSION RELATED	871,066
LIABILITIES	
Current liabilities:	
Accounts payable	55,249
Salaries and benefits payable	97,395
Construction retainage payable	56,560
Total current liabilities	209,204
Noncurrent liabilities:	
Net pension liability	2,510,898
Note payable	500,000
Compensated absences	265,532
Accrued interest	17,997
Total noncurrent liabilities	3,294,427
TOTAL LIABILITIES	3,503,631
DEFERRED INFLOWS OF RESOURCES - PENSION RELATED	828,570
NET POSITION	
Net investment in capital assets	8,417,190
Unrestricted	9,704,129
TOTAL NET POSITION	\$ 18,121,319

See accompanying notes.

Fire Protection District No. 3 of Lafourche Parish
Statement of Activities
Year Ended June 30, 2025

	Program Revenues			Net (Expense)	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Increase (Decrease) in Net Position	
GOVERNMENTAL ACTIVITIES					
Public safety - Fire protection	<u>5,757,105</u>	<u>\$ 837,607</u>	<u>\$ 611,480</u>	<u>\$ 4,174,520</u>	\$ (133,498)
General revenues:					
Ad valorem taxes			\$ 6,109,460		
Interest income			180,590		
2% fire insurance fund			168,990		
Pension-related			139,050		
Other			37,088		
Insurance proceeds			32,202		
State revenue sharing			<u>22,319</u>		
Total general revenues				<u>6,689,699</u>	
Increase in net position					<u>6,556,201</u>
NET POSITION - Beginning					10,401,267
Prior period correction (Note 17)					<u>1,163,851</u>
NET POSITION - Beginning, Restated					<u>11,565,118</u>
NET POSITION - Ending					<u>\$ 18,121,319</u>

See accompanying notes.

Fire Protection District No. 3 of Lafourche Parish
Balance Sheet
Governmental Fund Type – General Fund
June 30, 2025

ASSETS

Cash and cash equivalents	\$	6,633,241
Certificates of deposit		6,000,000
Ad valorem taxes receivable		29,689
Due from other government		206,504
2% fire insurance receivable		168,990
Interest receivable		87,052
Prepaid items		39,788

TOTAL ASSETS

\$ 13,165,264

LIABILITIES

Accounts payable	\$	55,249
Salaries and benefits payable		97,395
Construction retainage payable		56,560

TOTAL LIABILITIES

209,204

FUND BALANCE

Unassigned		12,956,060
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TOTAL LIABILITIES

AND FUND BALANCE

\$ 13,165,264

See accompanying notes.

Fire Protection District No. 3 of Lafourche Parish
Statement of Revenues, Expenditures, and
Changes in Fund Balance –
Governmental Fund Type – General Fund
Year Ended June 30, 2025

REVENUES

Taxes:	
Ad valorem	\$ 6,109,460
2% fire insurance	168,990
Intergovernmental:	
FEMA reimbursements	1,047,339
Agency income	837,607
Act 776 aid	400,000
Hurricane Ida Recovery Fund grant	227,079
State supplemental pay	211,480
State revenue sharing	22,319
Other	31,523
Interest income	180,590
TOTAL REVENUES	9,236,387

EXPENDITURES

Public safety - fire protection	
Salaries and related benefits	2,905,445
Insurance	1,080,793
Repairs and maintenance	489,540
Other services and charges	240,594
Utilities	122,461
Dispatch contract	82,615
Supplies	58,566
Fuel	53,979
Training and travel	47,375
Professional fees	39,954
Capital outlay	1,568,430
TOTAL EXPENDITURES	6,689,752

EXCESS OF REVENUES OVER EXPENDITURES	2,546,635
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OTHER FINANCING SOURCES

Insurance proceeds	2,932,304
Proceeds from issuance of debt	200,000
TOTAL OTHER FINANCING SOURCES	3,132,304

CHANGE IN FUND BALANCE	5,678,939
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FUND BALANCE

Beginning of year	7,277,121
End of year	\$ 12,956,060

See accompanying notes.

Fire Protection District No. 3 of Lafourche Parish
 Reconciliation of the Balance Sheet of the Governmental
 Fund to the Statement of Net Position
 June 30, 2025

Fund balance - governmental fund		\$ 12,956,060
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of \$17,510,533 net of accumulated depreciation of \$9,093,343, are not financial resources and, therefore, are not reported in the fund.		8,417,190
Deferred outflows of resources related to net pension liability are not available resources, and therefore, are not reported in the fund.		871,066
Deferred inflows of resources related to net pension liability are not payable from current expendable resources, and therefore, are not reported in the fund.		(828,570)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.		
Net pension liability		(2,510,898)
Note payable		(500,000)
Compensated absences		(265,532)
Accrued interest		(17,997)
		(3,514,427)
Total net position of governmental activities		\$ 18,121,319

See accompanying notes.

Fire Protection District No. 3 of Lafourche Parish
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance – Governmental Fund to the
 Statement of Activities
 Year Ended June 30, 2025

Change in fund balance - governmental fund \$ 5,678,939

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

Governmental fund reports capital outlays as expenditures, whereas in the Statement of Activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	(297,711)	
Capital outlays	<u>1,568,430</u>	1,270,719

Effects of disposing capital assets which were not fully depreciated

Loss on disposal of assets		(448,563)
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Effects of recording liability for compensated absences

32,376

Governmental fund reports debt incurrence as an other financing sources and debt repayments as an expenditure, whereas these are not presented on the Statement of Activities.

Proceeds from issuance of debt	(200,000)	
Accrued interest	<u>(10,995)</u>	(210,995)

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:

Change in pension liability		<u>233,725</u>
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Change in net position of governmental activities		<u><u>\$ 6,556,201</u></u>
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See accompanying notes.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 3 of Lafourche Parish (the District) was created by the Parish of Lafourche on May 13, 1953. The District is governed by a board of five commissioners, two of which are appointed by the Town of Golden Meadow, two members appointed by the Parish Council, and a chairperson selected by the other four members. The District provides fire protection and related services and facilities in Lafourche Parish three miles north of the Intracoastal Waterway, south to the Jefferson Parish line, west to the Terrebonne Parish line along LA 24 in the community of Grand Bois.

The Fire Protection District No. 3 of Lafourche Parish complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the District's accounting policies are described below.

A. REPORTING ENTITY

Because the Lafourche Parish Council appoints two of the four appointed members of the District's governing board and they in turn select a chairperson who is ratified by the Council, it was determined that the Parish Council can impose its will on the District, and is therefore a component unit of Lafourche Parish. The accompanying financial statements present information only on the funds maintained by the District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. METHOD OF ACCOUNTING

GASB statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications.

Stabilization funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

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

C. FUND TYPES

The District reports the following fund type:

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds.

The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. 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).

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements 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 balance 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 operations.

The amounts reflected in the fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within sixty days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred.

E. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

F. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

The District's primary revenue source, ad valorem taxes, becomes delinquent if not paid by January 1st following the year of assessment. Unpaid taxes attach as an enforceable lien on property. The Board of Commissioners determined, based on prior historical information, that uncollectible receivables are immaterial to the District's financial statements.

G. CAPITAL ASSETS

Capital assets, consisting of land, buildings and improvements, and equipment are presented on the Statement of Net Position. Capital assets purchased or acquired with an original cost of \$500 or more and expected initial useful life beyond one year are capitalized. Capital assets are reported at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value on the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings and improvements	40 years
Equipment	5-20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. COMPENSATED ABSENCES

Annual leave is recorded as an expenditure of the period in which paid. Employees of the District can earn between 18 and 30 days per year of annual leave, depending upon length of service. Leave is awarded on the employee's anniversary date and must be taken during that year. Unused annual leave is due to the employee at the time of termination at an "hour-for-hour" rate. Accumulated leave as of the end of the year is valued using employees' current rates of pay and estimates of future leave usage based on historical data and current employment policies. The liability is recorded in the Statement of Net Position. As of June 30, 2025, annual leave payable to employees totaled \$265,532, a decrease of \$32,376 from the prior year.

In accordance with Louisiana State Revised Statute 33:1995, every firefighter shall be entitled to full pay during sickness for a period of not less than fifty-two weeks. However, this amount is not payable upon termination. Based on historical data, no accrual for such benefit has been recorded.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to future periods. The District has deferred outflows of resources related to its pension obligations.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to future periods. The District has deferred inflows of resources related to its pension obligations.

J. PENSIONS

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (the System), and

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the District primarily relate to capital assets' useful lives.

L. OPERATING BUDGETARY DATA

As required by Louisiana Revised Statute 39:1303, the Board of Commissioners adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The budget was amended once during the year.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

M. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers, is not utilized by the District.

NOTE 2 – DEPOSITS AND INVESTMENTS

The District holds two certificates of deposit with a bank. Both certificates have terms of six months which automatically renew and carry an interest rate of 4.5% as of June 30, 2025. One certificate has an initial investment of \$2,500,000, matures July 30, 2025, and has accrued \$47,202 in interest receivable. The other certificate has an initial investment of \$3,500,000, matures September 11, 2025, and has accrued \$39,850 in interest receivable.

Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States. State law requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

As of June 30, 2025, the District has deposits as follows:

	<u>Bank Balances</u>	<u>Reported Balances</u>
Cash and cash equivalents	\$ 6,756,111	\$ 6,633,241
Certificates of deposit	\$ 6,087,051	6,000,000

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy for custodial credit risk. As of June 30, 2025, \$12,343,162 of the District's bank balances were exposed to credit risk. These were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2025, bank deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – DUE FROM OTHER GOVERNMENT

At June 30, 2025, \$106,504 was due from Ambulance Service District No. 1 of Lafourche Parish for dispatch services performed. At June 30, 2025, \$100,000 was due from the State of Louisiana for the remaining funding commitment under Act 776 aid.

NOTE 4 – CAPITAL ASSETS

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method. Capital asset activity for the year ended June 30, 2025 was as follows:

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 4 – CAPITAL ASSETS (Cont.)

<u>Governmental Activities</u>	July 1, 2024	Prior Period Adjustments	Adjusted July 1, 2024	Additions	Deletions/ Reclassifications	June 30, 2025
Capital assets not being depreciated:						
Land	\$ 202,019	\$ 35,984	\$ 238,003	\$ -	\$ -	\$ 238,003
Construction in progress	355,468	228,695	584,163	1,361,144	(433,584)	1,511,723
Total capital assets not being depreciated	557,487	264,679	822,166	1,361,144	(433,584)	1,749,726
Capital assets being depreciated:						
Buildings and improvements	5,739,829	429,917	6,169,746	479,045	(663,260)	5,985,531
Equipment	9,613,451	-	9,613,451	161,825	-	9,775,276
Total capital assets being depreciated	15,353,280	429,917	15,783,197	640,870	(663,260)	15,760,807
Less accumulated depreciation for:						
Buildings and improvements	(1,307,718)	120,733	(1,186,985)	(109,280)	214,697	(1,081,568)
Equipment	(8,171,866)	348,522	(7,823,344)	(188,431)	-	(8,011,775)
Total accumulated depreciation	(9,479,584)	469,255	(9,010,329)	(297,711)	214,697	(9,093,343)
Total capital assets being depreciated, net	5,873,696	899,172	6,772,868	343,159	(448,563)	6,667,464
Total capital assets, net of depreciation	\$ 6,431,183	\$ 1,163,851	\$ 7,595,034	\$ 1,704,303	\$ (882,147)	\$ 8,417,190

Depreciation expense for the year ended June 30, 2025 was \$297,711.

NOTE 5 – AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor’s Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1.

The voters of the community served by Fire Protection District No. 3 of Lafourche Parish approved the current millage rate for fire protection. The District levied 8.97 of the authorized 8.97 mills for 2024. A new additional millage was passed in a special election in April 2024. The additional millage rate of 7 is intended to assist the Fire District in constructing, maintaining, and operating the District’s fire protection facilities, equipment, and salaries. Collections for the new millage commenced December 2024 and was previously not included in the prepared budget as the District was uncertain the millage rate would pass in the special election. All other taxes and related state revenue sharing were budgeted for the year ended June 30, 2025. The tax is collected by the Parish Sheriff’s Office and remitted to the District.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 6 – ON-BEHALF PAYMENTS FOR SALARIES

Supplemental salary payments are made by the state to certain eligible full-time employees of the District, in addition to the compensation they receive from the District. The amount of the supplemental pay is determined by State Law and is revised periodically. For the year ended June 30, 2025, the state paid supplemental salaries for the employees of the District in the amount of \$211,480. These intergovernmental funds are reflected in the financial statements of the District for the year ended June 30, 2025.

NOTE 7 – PENSION PLAN

Firefighters' Retirement System (System)

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability, and death benefits to firefighters in Louisiana, controlled and administered by a separate board of trustees.

Eligibility Requirements: Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty 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 fifty. No person who has not attained the age of eighteen 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: Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. Members of the System with 20 or more years of service who have attained age 50, or members who have 12 years of service who have attained age 55, or 25 years of service at any age shall be entitled to retire from service.

Upon such retirement, the member shall be paid an annual retirement allowance equal to three and one-third percent of average final compensation multiplied by total years of creditable service. However, the annual retirement allowance shall not exceed one hundred percent of average final compensation.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 7 – PENSION PLAN (Cont.)

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and age 50 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 the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance 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 payments may be made from the deferred retirement option plan 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.

Employer Contributions: Employer contributions are actuarially-determined each year. For the year ended June 30, 2024, employer and employee contribution rates for members above the poverty line were 33.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.00%, respectively.

Non-Employer Contribution: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2024 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: As of June 30, 2025, the District reported liabilities in its government-wide financial statements of \$2,510,898 for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2024, and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation performed of the retirement system as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially-determined. As of June 30, 2024, the District's proportionate share of the System was 0.445940%, which was a decrease of 0.056733% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized a pension expense of \$345,942 in its governmental activities related to its participation in the System.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 7 – PENSION PLAN (Cont.)

As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 187,629	\$ 59,715
Changes in assumptions	107,417	-
Net difference between projected and actual investment earnings on pension plan investments	25,399	-
Changes in proportion	115,569	768,855
Employer contributions subsequent to the measurement date	435,052	-
	\$ 871,066	\$ 828,570

Deferred outflows of resources of \$435,052 related to pensions resulting from the District's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2026	\$ (131,672)
2027	213,001
2028	(169,930)
2029	(189,332)
2030	(90,792)
2031	(23,831)
	\$ (392,556)

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

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 7 – PENSION PLAN (Cont.)

	<u>Firefighter's Retirement System</u>
Valuation date	June 30, 2024
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	
(Discount rate)	6.90% per annum (net of investment expenses, including inflation)
Inflation rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service and 5.20% with three or more years of service
Cost of living adjustments	Only those previously granted

For the June 30, 2024 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes 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 PRSAC taking into consideration the recommendation of the System's actuary. Based on these 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.

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 employer's net pension liability would be if it were calculated using a discount rate that is one

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 7 – PENSION PLAN (Cont.)

percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate as of June 30, 2024.

	Changes in Discount Rate: Firefighter's Retirement System		
	1% Decrease	Current Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Net Pension Liability	<u>\$4,168,617</u>	<u>\$2,510,898</u>	<u>\$1,128,201</u>

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2025, the District recognized revenue as a result of support received from the non-employer contributing entities of \$139,050 for its participation in the System.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafrs.org.

NOTE 8 – COMPENSATION OF BOARD MEMBERS

Board members were not compensated for the year ended June 30, 2025.

NOTE 9 – GRANTS

During the year ended June 30, 2025, the District received \$1,047,339 in federal funding from the Federal Emergency Management Agency (FEMA) under Emergency Protective Measures Grant related to Hurricane Ida. The funds were received primarily as reimbursements for amounts spent in prior years on repairing and improving the District's assets that were damaged in the storm. Federal funds expended during the year ended June 30, 2025 totaled \$1,546,009, excluding amounts associated with the Community Disaster Loan.

During the year ended June 30, 2025, the District was awarded \$400,000 in accordance with a cooperative endeavor agreement with the State of Louisiana under Act 776. The District received \$400,000 in state funding from the Louisiana Department of Treasury during the year, which is to be used for general operating expenditures.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 9 – GRANTS (Cont.)

During the year ended June 30, 2025, the District received \$227,079 from the Louisiana Department of Treasury as part of the Hurricane Ida Recovery Fund (HIRF) program. The funds were utilized to assist the District's payment of local matching costs for projects which were eligible for FEMA public assistance.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the District carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.

NOTE 11 – DEFERRED COMPENSATION PLAN

The District sponsors a 457(b) plan. The plan allows for pre-tax deferrals by employees. The plan is voluntary and there is no requirement for employees to contribute to the plan. The District matches employee contributions up to a maximum of \$25 per pay period, with a maximum potential match per employee of \$650 per year.

The District's match for the year ended June 30, 2025 was \$11,015.

NOTE 12 – NOTE PAYABLE

On March 28, 2023, the District entered into a Community Disaster Loan (CDL) with FEMA with a face value of \$1,269,616 and an interest rate of 3.625%. Draws on the loan were required to be made by June 30, 2025. During the year ended June 30, 2025, the District drew an additional \$200,000. The outstanding principal balance as of June 30, 2025 is \$500,000. The loan principal balance and accrued interest is due and payable in full on March 27, 2028.

NOTE 13 – COOPERATIVE ENDEAVOR AGREEMENTS

During the year, the District was party to a Cooperative Endeavor agreement with the Ambulance Service District No. 1 of Lafourche Parish to provide communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Ambulance District for an annual fee of \$426,017. The agreement was renewed for the 2025 calendar year with the same payment and service terms.

During the year, the District was party to a Cooperative Endeavor agreement with the Greater Lafourche Port Commission to provide fire protection services based out of the Port Fourchon fire station, on a twenty-four hour a day basis, seven days a week at a fee of \$102,898 per quarter. The agreement was effective July 2024 through December 2024.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 14 – COMMITMENTS

The District had two open contracts for construction projects as of June 30, 2025. The total commitment under these contracts was \$1,618,197. Through June 30, 2025, the District had been billed \$1,074,633, leaving a commitment of \$543,564.

NOTE 15 – LITIGATION

During the year, the District reached a final settlement in mediation against its insurance carrier as a result of damages sustained in Hurricane Ida. The District settled multiple claims in mediation with its insurance carrier prior to the final settlement. As a result, the District received \$711,148 and \$31,621 net of fees for legal representation in August and October 2024, respectively. The District's final settlement was reached on November 26, 2024, from which the District received \$2,157,333, net of legal representation fees, on January 15, 2025.

NOTE 16 – RECENT ACCOUNTING PRONOUNCEMENTS

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to concentrations or constraints. That objective is achieved by defining concentrations and constraints and including requirement for governments to assess and disclose any identified related risks. This standard is effective for fiscal years beginning after June 15, 2024. Management has determined that the implementation of the Statement has no material impact on the financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

Fire Protection District No. 3 of Lafourche Parish

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 17 – PRIOR PERIOD CORRECTIONS

Capital assets for the year ended June 30, 2024, have been restated for the correction of prior period errors which have been summarized below:

- Three fire station buildings were previously not included within the capital assets listing. It was determined that all three buildings were fully depreciated using the original purchase and building survey dates. Including a 10% salvage value, the correcting entry resulted in increases to buildings of \$429,917, accumulated depreciation of \$386,924, and net position of \$42,993
- Land owned by the District was not completely recorded. Total value of land corrected through the entry was \$35,984.
- Salvage value was not taken into consideration when recording capital assets and calculating depreciation in previous periods. Management determined a 10% salvage value was appropriate for its buildings and vehicles. The correcting entry resulted in a decrease in accumulated depreciation and increase in net position of \$856,179.
- Demolition costs for construction projects deemed to be replacements by FEMA were previously expensed. The costs are all associated with ongoing construction. The correcting entry resulted in an increase in construction in progress and net position of \$228,695.

Adjustments have been made to beginning net position for prior period corrections associated with capital assets. Adjustments are summarized below:

	Net investment in capital assets	Unrestricted	Total
Net position as previously reported	\$ 6,431,183	\$ 3,970,084	\$ 10,401,267
Capitalize prior period demolition costs	228,695		228,695
Capture salvage values of buildings and vehicles	856,179		856,179
Capitalize existing buildings and land which were previously not recorded	78,977		78,977
Beginning net position, restated	<u>\$ 7,595,034</u>	<u>\$ 3,970,084</u>	<u>\$ 11,565,118</u>

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through January 15, 2026, which is the date the financial statements were available to be issued, and it was determined that the following warrant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Fire Protection District No. 3 of Lafourche Parish
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable/ (Unfavorable)
REVENUES				
Ad valorem tax	\$ 5,000,000	\$ 5,000,000	\$ 6,109,460	\$ 1,109,460
FEMA reimbursements	1,000,000	1,000,000	1,047,339	47,339
Agency income	630,795	630,795	837,607	206,812
Act 776 aid	400,000	400,000	400,000	-
Hurricane Ida Recovery Fund grant	-	-	227,079	227,079
Other	3,000	3,000	31,523	28,523
State supplemental pay	200,000	200,000	211,480	11,480
Fire insurance 2% rebate	150,000	150,000	168,990	18,990
Interest income	20,000	20,000	180,590	160,590
State revenue sharing	16,765	16,765	22,319	5,554
TOTAL REVENUES	<u>7,420,560</u>	<u>7,420,560</u>	<u>9,236,387</u>	<u>1,815,827</u>
EXPENDITURES				
Public safety				
Wages and payroll taxes	2,950,000	2,950,000	2,459,378	490,622
Insurance and benefits	1,804,205	1,804,205	1,526,860	277,345
Repairs and maintenance	225,000	220,000	489,540	(269,540)
Other services and charges	53,000	54,000	240,594	(186,594)
Dispatch contract	140,000	132,500	122,461	10,039
Utilities	125,000	125,000	82,615	42,385
Supplies	40,000	40,000	58,566	(18,566)
Fuel	75,000	75,000	53,979	21,021
Professional fees	20,000	30,000	47,375	(17,375)
Training and travel	65,000	66,500	39,954	26,546
Capital outlay	2,892,971	2,892,971	1,568,430	1,324,541
TOTAL EXPENDITURES	<u>8,390,176</u>	<u>8,390,176</u>	<u>6,689,752</u>	<u>1,700,424</u>
OTHER FINANCING SOURCES				
Insurance recovery	-	-	2,932,304	2,932,304
Proceeds from issuance of debt	969,616	969,616	200,000	(769,616)
Net change in fund balance	-	-	5,678,939	5,678,939
FUND BALANCE				
Beginning of year	<u>7,277,121</u>	<u>7,277,121</u>	<u>7,277,121</u>	<u>-</u>
End of year	<u>\$ 7,277,121</u>	<u>\$ 7,277,121</u>	<u>\$ 12,956,060</u>	<u>\$ 5,678,939</u>

See Independent Auditor's Report and Notes to Financial Statements.

Fire Protection District No. 3 of Lafourche Parish
Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2025

Plan Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2024	0.445940%	\$ 2,510,898	\$ 1,267,262	198.14%	81.68%
2023	0.502673%	3,280,849	1,349,392	243.14%	77.69%
2022	0.610604%	4,305,547	1,574,485	273.46%	74.68%
2021	0.635541%	2,252,263	1,601,429	140.64%	86.78%
2020	0.594430%	4,120,321	1,478,713	278.64%	72.61%
2019	0.587774%	3,680,588	1,423,120	258.63%	73.96%
2018	0.640374%	3,683,481	1,524,627	241.60%	74.76%
2017	0.612826%	3,512,626	1,422,618	246.91%	73.55%
2016	0.241487%	1,579,543	545,568	289.52%	68.16%

Notes to Schedule:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Change in benefit terms: None

Changes of assumptions:

Plan Year	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2024	6.90%	6.90%	2.500%	7	5.20-14.10%
2023	6.90%	6.90%	2.500%	7	5.20-14.10%
2022	6.90%	6.90%	2.500%	7	5.20-14.10%
2021	6.90%	6.90%	2.500%	7	5.20-14.10%
2020	7.00%	7.00%	2.500%	7	5.20-14.10%
2019	7.15%	7.15%	2.500%	7	4.50%-14.75%
2018	7.30%	7.30%	2.700%	7	4.75%-15.00%
2017	7.40%	7.40%	2.775%	7	4.75%-15.00%
2016	7.50%	7.50%	2.875%	7	4.75%-15.00%

See Independent Auditor's Report and Notes to Financial Statements.

Fire Protection District No. 3 of Lafourche Parish

Schedule of Employer Contributions

Year Ended June 30, 2025

<u>Year</u>	<u>Statutorily Required Contributions</u>	<u>Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2025	\$ 435,050	\$ 435,052	\$ 2	\$ 1,308,422	33.25%
2024	421,365	421,365	-	1,267,262	33.25%
2023	448,673	448,673	-	1,349,392	33.25%
2022	531,389	531,389	-	1,574,485	33.75%
2021	516,461	516,461	-	1,601,429	32.25%
2020	410,343	410,343	-	1,478,713	27.75%
2019	377,127	377,127	-	1,423,120	26.50%
2018	404,026	404,026	-	1,524,627	26.50%
2017	359,211	359,211	-	1,422,618	25.25%
2016	148,667	148,667	-	545,568	27.25%

See Independent Auditor's Report and Notes to Financial Statements.

SUPPLEMENTARY INFORMATION

Fire Protection District No. 3 of Lafourche Parish
 Schedule of Compensation, Benefits, and Other Payments
 to District Head
 Year Ended June 30, 2025

Agency Head Name: Mr. Devin Dedon, Fire Chief

Purpose	Amount
Salary	\$ 123,334
Benefits - retirement	39,153
Benefits - insurance	30,120
Benefits - social security/medicare	9,724
State supplemental pay	7,200 (1)
Travel	-
Car allowance/automobile expense	- (2)
Cell phone	-
Conference travel	-
Registration fees	-
Membership fees	-
Deferred compensation	-
Reimbursements	-
Per diem	-
Service fees	-
Vehicle provided by government	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

- (1) State supplemental pay is paid directly to the employee by the State of Louisiana. It is included in the employee's taxable wages and federal and state payroll taxes are paid on these wages.
- (2) The District provides the Fire Chief with a take-home vehicle; however, no amount is considered taxable under the IRS rules for vehicles provided to firefighters. The use of the vehicle is considered to be a "working condition benefit". The vehicle meets the definition of "qualified non-personal use vehicle". Use of the vehicle is limited to in-parish travel and typically consists of commuting. The truck otherwise is primarily used for public safety purposes and is clearly marked with insignias and painted as a firefighter vehicle.

This schedule is used to satisfy the reporting requirements of
 R.S. 24:513(A)(3).

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

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

To the Board of Commissioners
Fire Protection District No. 3 of Lafourche Parish
Galliano, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Fire Protection District No. 3 of Lafourche Parish (the District), a component unit of the Lafourche Parish Government, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 15, 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 opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all

deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

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*.

The District's Responses to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houma, Louisiana
January 15, 2026

Fire Protection District No. 3 of Lafourche Parish
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statement Section

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	Yes
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	No
Noncompliance Material to Financial Statements Noted?	No

Federal Awards Section

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	No
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Title</u>	<u>ALN Number</u>
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036

Dollar Threshold used to determine Type A Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	No
Other	
Management Letter Issued?	No

Section II – Financial Statement Findings

2025-001 Material Weakness in Internal Controls over Financial Reporting – Year End Reporting

Fire Protection District No. 3 of Lafourche Parish
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, material misstatements in the financial reporting of the District.

Condition: There was a material audit adjustment for the year ended June 30, 2025 related to fixed assets (recording salvage values for certain capital assets, capitalizing demolition costs, assigning correct value to real property, and identifying and recording unrecorded capital assets), which was proposed and accepted by management. The financial statement line items impacted included capital assets net of accumulated depreciation and net position.

Cause: During the year ended June 30, 2025, the District had several undetected accounting errors. The District had not appropriately considered guidance prescribed by Statement No. 34 of the Governmental Accounting Standards Board and did not completely reconcile the asset listing to underlying records.

Effect: The lack of proper controls over financial reporting resulted in several audit adjustments to correct the financial statements at June 30, 2025.

Recommendation: The District should ensure compliance with pronouncement from the Governmental Accounting Standards Board and reconcile accounts with underlying records.

Management response: The District will establish and maintain effective controls. Specifically, the District will ensure general ledger accounts and supporting schedules are reconciled to supporting documentation, and the District will take necessary measures to ensure future accounting pronouncements are understood and effectively implemented.

Section III – State Compliance Audit Findings

None noted

Section IV – Federal Award Findings and Questioned Costs

None noted.

Fire Protection District No. 3 of Lafourche Parish
Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2025

The contact person for all corrective actions noted below is Mr. Devin Dedon, Fire Chief.

Section I – Internal Control and Compliance

Reference: 2025-001 Material Weakness in Internal Controls over Financial Reporting – Year End Reporting

Condition: There was a material audit adjustment for the year ended June 30, 2025 related to fixed assets (recording salvage values for certain capital assets, capitalizing demolition costs, assigning correct value to real property, and identifying and recording unrecorded capital assets), which was proposed and accepted by management. The financial statement line items impacted included capital assets net of accumulated depreciation and net position.

Recommendation: The District should ensure compliance with pronouncement from the Governmental Accounting Standards Board and reconcile accounts with underlying records.

Planned Action: The Board of Commissioners and Fire Chief will closely monitor the activities of the accounting function to ensure that general ledger accounts and supporting schedules are reconciled to supporting documentation, and the District will take necessary measures to ensure future accounting pronouncements are understood and effectively implemented.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Fire Protection District No. 3 of Lafourche Parish
Schedule of Prior Findings and Responses
Year Ended June 30, 2025

Note: All prior findings relate to the June 30, 2024, audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

2024-01 Late Audit Submission

Criteria: Louisiana Revised Statute 24:513 requires that audited financial statements be submitted to the Legislative Auditor within six months of the close of an entity's fiscal year.

Condition: Audit report was not submitted within six months of the District's fiscal year.

Cause: The District was unable to submit its audit timely due to the timing of year-end close procedures performed.

Effect: The District was not in compliance since its audit report was not submitted within six months of the close of its fiscal year.

Recommendation: The District should promptly complete all necessary year-end close procedures and submit future audit reports within six months of the close of its fiscal years.

Management response: The District will promptly complete all necessary year-end close procedures and submit all future audit reports within six months of the close of its fiscal year.

Current Status: Resolved.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
in Accordance with the Uniform Guidance**

To the Board of Commissioners
Fire Protection District No. 3 of Lafourche Parish
Galliano, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Fire Protection District No. 3 of Lafourche Parish's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fire Protection District No. 3 of Lafourche Parish complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Houma, Louisiana
January 15, 2026

Fire Protection District No. 3 of Lafourche Parish
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Project Number / Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security Community Disaster Loans	97.030	EMT-2023-LF-4611LA-07	\$ 500,000
<i>Pass-through Louisiana Governor's Office of Homeland Security and Emergency Preparedness</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	FEMA-DR-4611-LA	<u>1,546,009</u> *
Total			<u><u>\$ 2,046,009</u></u>

* Denotes a major program.

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Fire Protection District No. 3 of Lafourche Parish and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fire Protection District No. 3 of Lafourche Parish, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fire Protection District No. 3 of Lafourche Parish.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Fire Protection District No. 3 of Lafourche Parish has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Passed through to Subrecipients

There were no awards passed through to subrecipients.

STATEWIDE AGREED-UPON PROCEDURES

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

To the Board of Commissioners
Fire Protection District No. 3 of Lafourche Parish
Galliano, Louisiana

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 July 1, 2024 through June 30, 2025. The Fire Protection District No. 3 of Lafourche Parish and its management are responsible for those C/C areas identified in the SAUPs.

The Fire Protection District No. 3 of Lafourche Parish 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 July 1, 2024 through June 30, 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 described on pages 49-65.

We were engaged by the Fire Protection District No. 3 of Lafourche Parish 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 Fire Protection District No. 3 of Lafourche Parish 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.

Martin and Pelletier

Houma, Louisiana
January 15, 2026

**Fire Protection District No. 3 of Lafourche Parish
Galliano, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
Year Ended June 30, 2025

The required procedures and our findings are as follows:

Procedures performed on the District's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

a. Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and read the written policy for budgeting.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

b. 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

Performance: Obtained and read the written policy for purchasing.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

c. Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

d. 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

Performance: Obtained and read the written policy for receipts.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

e. 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(s) rate of pay or approval and maintenance of pay rate schedules.

Performance: Obtained and read the written policy for payroll and personnel.
Exceptions: Policy does not make any written reference to the approval process for

**Fire Protection District No. 3 of Lafourche Parish
Galliano, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
Year Ended June 30, 2025

employee pay rates.

Management's response: Management will consider adopting written policies to address the approval process and maintenance of employee pay rates.

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

Performance: Obtained and read the written policy related to contracting.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g. Credit Cards (and debit cards, fuel cards, P-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

Performance: Obtained and read the written policy related to credit cards.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- i. 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.

Performance: Obtained and read the written policy related to ethics.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired management of its written policy for debt service.

Exceptions: There were no written policies available.

Management's response: Management will consider adopting written policies for debt service.

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- k. 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.

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- l. 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.

Performance: Obtained and read the written policy for sexual harassment.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Board or Finance Committee

2. 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:

- a) 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.

Performance: Determined that the board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) 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 and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

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Performance: Determined whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) 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.

Performance: Determined that the District did not have a negative unassigned fund balance in its general fund.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

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

Performance: Determined that there were written updates related to the resolution of the prior year audit finding.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Bank Reconciliations

3. 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Performance: Determined that bank statements were reconciled within two months of the related statement closing date.

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Exceptions: No exceptions were noted.
Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management/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 or electronically logged);

Performance: Inspected documentation for management approvals within one month of the reconciliation date of each randomly selected bank reconciliation.

Exceptions: No exceptions were noted.
Management's response: Not applicable.

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

Performance: Determined that there were items outstanding for more than 12 months on the bank reconciliations selected for testing.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Collections

4. 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 five deposit sites (or all deposit sites if less than five).

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

5. 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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- a) Employees that are responsible for cash collections do not share cash

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drawers/registers.

Performance: Determined that no cash drawers/registers are shared by employees.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

6. 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.

Performance: Inspected policy manuals and inquired of client to determine if employees with access to cash are covered by a bond or insurance policy.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

a) Observe that receipts are sequentially pre-numbered.

Performance: Determined that sequentially pre-numbered receipts are not required for the types of deposits that are received at the District.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) 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.

Performance: Inspected policy manual and inquired of management as to separation of duties related to vendor files.

Exceptions: There were no exceptions noted.

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Management's response: Not applicable.

- d) 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.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) 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.

Performance: Inquired of management to determine if only employees/officials authorized to sign checks approve electronic disbursement of funds.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

10. For each location selected under #8 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 five disbursements for each location, obtain supporting documentation for each transaction and:

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

Performance: Determined that the five random disbursements matched their respective original invoices and that the invoices indicate that deliverables were received by the entity.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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11. Using the entity's main operating accounts 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.

Performance: Determined whether the documentation for the five random electronic disbursements gave evidence of the disbursements being appropriately approved.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

13. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed written approvals of credit card transactions on monthly statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedures: Traced selected credit card statements to determine if any finance charges or late fees were applied to balances.

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Exceptions: There were no exceptions noted.
Management's response: Not applicable

14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For 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.

Performance: Observed whether randomly selected credit card transactions were supported by the requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

15. 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- a) 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 (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov).

Performance: Traced respective travel expenses to the approved General Services Administration per diem rates.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Traced respective expenses to original itemized receipts, expense reports, and mileage reports.
Exceptions: There were no exceptions noted.

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Management's response: Not applicable.

- c) 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 policy (procedure #1h).

Performance: Reviewed documentation of the business/public purpose for each expense.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected each expense reimbursement request to find approval by supervisors and/or board member.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Contracts

16. 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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that the contracts required to be bid were bid in accordance with the bid law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Performance: Determined that the selected contracts were approved by the District's board as required by policy or law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- c) If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

Performance: Determined that all selected contracts and relevant amendments complied with the original contract terms.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the five 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.

Performance: Inspected the randomly selected invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

18. Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave.

Performance: Determined that all selected employees documented their daily attendance and leave for the selected pay period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

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Performance: Determined that the attendance and leave of each employee for the selected pay period was approved by each employee's respective supervisor.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined that any leave taken during the pay period is reflected in the District's cumulative leave records.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: Determined that the rates paid to the employees/officials agree to the authorized rates found in each personnel's file.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained management's representation of terminated employees who received termination payments in a separate letter. Randomly tested two of the former employees and their respective payments by calculating hours and pay rates, comparing to cumulative leave records, reviewing personnel files, and reviewing the entity's policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

20. Obtain management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

Performance: Obtained management's representation in a separate letter that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

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Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Ethics

21. Using the employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.

Performance: Observed the ethics course completion certificates for the employees/officials tested.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- b) Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's policy during the fiscal period, as applicable.

Performance: Determined that there were no changes to the ethics policy during the fiscal period.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inquired as to whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Exceptions: An ethics designee has been appointed. No exceptions noted.
Management's response: Not applicable.

Debt Service

23. 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.

Performance: Determined that no new debt had been issued during the fiscal period and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

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Management's response: Not applicable.

24. 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.

Performance: Obtained a listing of the outstanding debt at the end of the fiscal period and received management's representation of completeness in a separate letter. Inspected debt covenants, obtained supporting documentation for the balance and payments, and agreed the actual balance and payments to the required debt covenants.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Fraud Notice

25. 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.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

26. 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.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (1) occurred within the past week, (2)

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was not stored on the government's local server or network, and (3) was encrypted.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three 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 five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting software in use are currently supported by the vendor.

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

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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:

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

Performance: We performed the procedures and discussed the results with management.

Prevention of Sexual Harassment

30. Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, 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.

Performance: Observed that the employees/officials tested received one hour of the sexual harassment training during 2025.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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31. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website.

Performance: Inquired and observed such policy posted on the website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

32. 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 it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Performance: Observed that the annual sexual harassment report was completed for the current fiscal year on August 21, 2025 and included the applicable requirements of R.S. 42:344.

Exceptions: R.S. 42:343-344 requires the government agency's public servants to complete one hour of education and training on preventing sexual harassment during each calendar year and submit a report on or before February 1 following the calendar year. The engagement team identified the report was evaluated using the District's fiscal year ending June 30, 2025 instead of the required calendar year.

Management's response: Management will ensure its public servants complete trainings during the calendar year, the prevention of sexual harassment report evaluates the calendar year, and the report is submitted on or before February 1 of the following period.