

**AVONDALE  
VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7  
OF JEFFERSON PARISH - AVONDALE DIVISION**

**ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2017**

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## **FINANCIAL SECTION**

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*Paul C. Rivera, CPA*

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**INDEPENDENT AUDITOR'S REPORT**

To the President and Board of  
Avondale Volunteer Fire Company, Inc. (AVF)  
Avondale, Louisiana

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise AVF's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

My responsibility is to express opinions on these basic financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidenced about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of AVF as of December 31, 2017 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.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

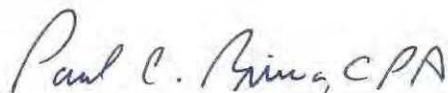
### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise AVF's financial statements. The individual fund statements, schedules and supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

These individual fund statements, schedules and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 my opinion, the individual fund, schedules, and supplementary information 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*, I have also issued a report dated May 11, 2018, on my consideration of AVF's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AVF's internal control over financial reporting and compliance.



May 11, 2018

**AVONDALE VOLUNTEER FIRE COMPANY, INC.**  
**500 SOUTH JAMIE BLVD.**  
**AVONDALE, LA 70094**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division, we offer readers of AVF'S financial statements this narrative overview and analysis of the financial activities of AVF for the fiscal year ended December 31, 2017.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 14.

**FINANCIAL HIGHLIGHTS**

- The assets of AVF exceeded its liabilities at the close of the most recent fiscal year by \$459,280 (*net position*). Of this amount, \$99,652 or 21.7 percent is invested in capital assets, such as buildings and equipment. The remaining balance of \$359,628 (*unrestricted net position*) or 78.3 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- AVF'S total net position decreased by \$(289,276) or 38.6 percent during the current year because the expenses and special items exceeded program and general revenues by that amount. During 2017, operating grants were down due to lower ad valorem tax collections for operations; however, this was offset by an increase of \$445,189 in capital grants (the Parish provided \$45,189 to help purchase new radios and equipment plus \$400,000 for a new pumper truck). A special item of \$(612,115) was recorded to reflect the value of assets (vehicles) transferred to the Parish under its new policy of having all fire trucks and vehicles purchased with public funds titled under its name).
- As of the close of the current fiscal year, AVF'S governmental fund (the General Fund) reported ending fund balance of \$359,628, a decrease of \$(207,184) or 36.5 percent in comparison with the prior year. Approximately \$97,874 or 27.2 percent of this total amount is available for spending at the government's discretion (*unassigned fund balance*). The balance of \$261,754 is *assigned* for the purpose of future equipment purchases.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$97,874 or 6.8 percent of total general fund expenditures. This compares to 35.7 percent last year. Total fund balance was \$359,628 or 25.0 percent of total general fund expenditures. This compares to 66.2 percent last year. This decrease was the result of the increase in money spent this past year on the pumper truck.
- AVF'S had no outstanding long-term debt at December 31, 2017.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

This discussion and analysis are intended to serve as an introduction to AVF'S basic financial statements. AVF'S basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The "government-wide financial statements" are designed to provide readers with a broad overview of AVF'S finances, in a manner similar to a private-sector business.

The "Statement of Net Position" presents information on all of AVF'S assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of AVF is improving or deteriorating.

The "Statement of Activities" presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of AVF that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). It should be noted that AVF only has governmental activities.

The government-wide financial statements include only the financial activities of AVF, which include the activity of all AVF cash and savings accounts (both public and private).

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund financial statements.** A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. AVF, because it is a "quasi-public" entity, uses fund accounting like state and local governments to ensure and demonstrate compliance with finance-related legal requirements.

AVF'S funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, AVF only presents governmental funds.

**Governmental funds.** “Governmental funds” are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for “governmental funds” with similar information presented for “governmental activities” in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between “governmental fund” and “governmental activities”.

AVF maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General fund.

AVF is a “quasi-public” entity and is not required to adopt an annual budget. Thus, a budgetary comparison statement is not shown.

The basic governmental fund financial statements can be found on pages 14 to 19 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 30 of this report.

**Other information.** Individual fund statements and schedules, which show additional detailed financial information on the General Fund, are found on pages 32 and 33. The state-mandated Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer is found on page 34.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of AVF, assets exceeded liabilities by \$459,280 at December 31, 2017.

A large portion of AVF's net position (21.7 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, heavy equipment); less any related debt used to acquire those assets that is still outstanding. AVF used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although AVF'S investment in its capital assets is reported *net* of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

**AVONDALE VOLUNTEER FIRE COMPANY, INC.  
STATEMENTS OF NET POSITION**

	Governmental Activities		Governmental Activities	
	<u>2017</u>		<u>2016</u>	
Current and other assets	\$ 518,121		\$ 567,142	
Capital assets	<u>99,652</u>		<u>181,744</u>	
Total Assets	<u>617,773</u>		<u>748,886</u>	
Long-term liabilities outstanding	-		-	
Other liabilities	<u>158,493</u>		<u>330</u>	
Total Liabilities	<u>158,493</u>		<u>330</u>	
Net Position:				
Invested in capital assets, net of related debt	99,652	21.7%	181,744	24.3%
Restricted	-	0.0%	-	0.0%
Unrestricted	<u>359,628</u>	78.3%	<u>566,812</u>	75.7%
Total Net Position	<u>\$ 459,280</u>		<u>\$ 748,556</u>	

The balance of *unrestricted net position* (\$359,628 or 78.3 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2017, AVF is able to report positive balances in all three categories of net position.

AVF'S net position decreased by \$(289,276) or 38.6 percent during the current fiscal year.

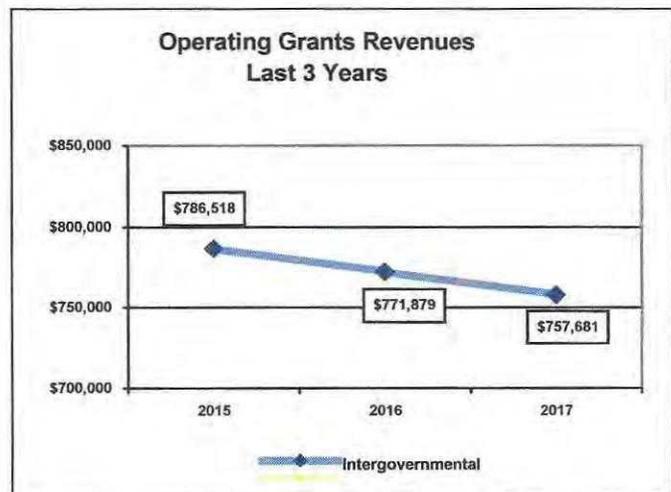
**Governmental Activities.** Governmental activities decreased AVF'S net position by \$(289,276) or 38.6 percent. Key elements of this decrease are as follows:

**AVONDALE VOLUNTEER FIRE COMPANY, INC.  
STATEMENTS OF ACTIVITIES**

	<u>Governmental Activities</u> <u>2017</u>		<u>Governmental Activities</u> <u>2016</u>	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	757,681	61.5%	771,879	87.2%
Capital grants and contributions	445,189	36.1%	81,174	9.2%
General revenues:				
Unrestricted interest	322	0.0%	248	0.0%
Gain on sale of equipment	-	0.0%	-	0.0%
Miscellaneous	28,683	2.3%	31,527	3.6%
Total revenues	<u>1,231,875</u>	<u>100.0%</u>	<u>884,828</u>	<u>71.8%</u>
Expenses:				
Public Safety	909,036	100.0%	819,928	100.0%
Total expenses	<u>909,036</u>	<u>100.0%</u>	<u>819,928</u>	<u>100.0%</u>
Special Item - Transfer of assets to the Parish	<u>(612,115)</u>		<u>-</u>	
Increase in net position	(289,276)		64,900	
Net position - Beginning of year	<u>748,556</u>		<u>683,656</u>	
Net position - end of year	<u>\$ 459,280</u>		<u>\$ 748,556</u>	

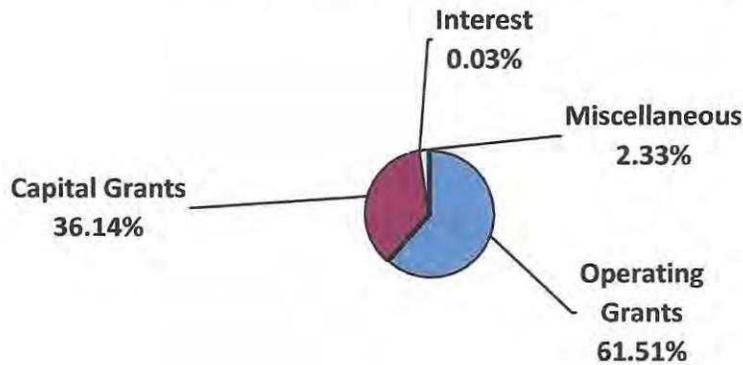
➤ In the current year, operating grants consisted of funds received from the State of Louisiana and the Parish of Jefferson. The State provided \$177,691 to AVF for fire insurance rebates and the Parish levied an ad valorem tax in the District and remitted \$739,990 to AVF. Under the agreement, the Parish remits a fixed monthly amount to AVF depending on the estimated tax collections. This allocation was \$(15,518) or 2.0 percent less than last year. The number of mills levied by the Parish was 23.98 out of the maximum available of 25.00 mills, the same as last year. The tax collections have been going down due to the closure of the Avondale Shipyard. The Parish also provided \$445,189 in 2017 for the purchase of radios, equipment and a new pumper truck. This is shown as Capital Grants.

➤ Miscellaneous income of \$28,683 was made up of various items and was \$(2,844) less than last year. This included \$27,886 in refunds from LWCC (dividends on the workman's compensation policy), \$30 in fees for fire reports, \$200 from the State for holding elections at the firehouse, and \$67 in other income.



➤ A breakdown of the revenues received by AVF'S governmental activities is as follows:

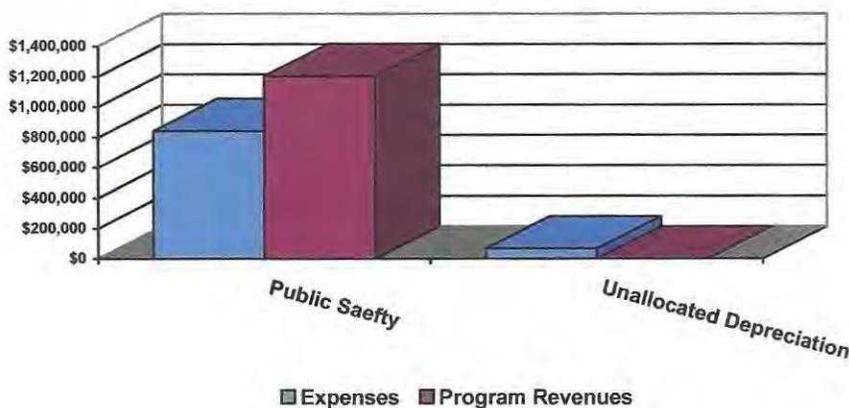
### Revenues By Source - Governmental Activities



Expenses totaled \$909,036, including current year depreciation of \$67,327. This is an increase of \$89,108 over the prior year. As a fire district, the only function AVF provides is the public safety function. The main changes were seen in personnel and related costs (up \$49,473), firefighting costs (up \$19,366), station expenses (down \$2,778), and vehicle expenses (up \$2,592). Salaries were up mostly to an increase in salaries (mainly due to the addition of a new employee plus raises given at the beginning of the year). Retirement costs increased \$2,014 due to the Deferred Compensation 457b Plan. Group health costs increased \$6,822 as premiums went up and a new employee was added. Firefighting costs were up mainly due to an increase in firefighting apparel and firefighting supplies (due to items purchased with the Parish grant). Station expenses were down due to a drop in station repairs and maintenance. Vehicle expenses were up mainly due to a slight increase in repairs and maintenance. Depreciation was up \$19,414 over last year.

Operating and capital grants totaling \$445,189 offset these costs. This left net revenues (cost) to citizens of AVF of \$293,834 prior to accounting for general revenues. A graph comparing the expenses with the program revenue generated is presented below.

### Expenses and Revenues by Function



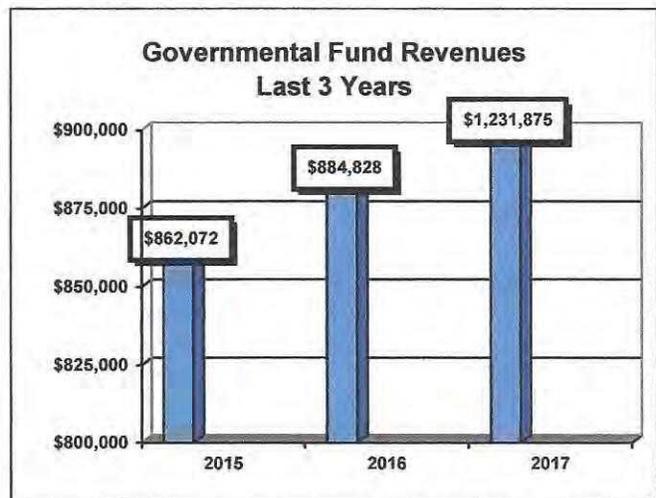
## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, AVF uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of AVF'S "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing AVF'S financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, AVF'S governmental fund (i.e., the General Fund) reported ending fund balance of \$359,628, a decrease of \$(207,184) or 36.5 percent in comparison with the prior year. Approximately \$97,874 or 27.2 percent of this total constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remaining fund balance of \$261,754 is shown as *assigned* fund balance. This means there is some form of restriction (formal or informal) placed on these funds and that they are not necessarily available for new spending because they have already been assigned to a particular purpose. In this case, the money is being set aside for future capital outlay needs (vehicles and equipment).

As noted above, the governmental funds include the general operating funds of AVF (i.e., the General Fund). Overall, as the graph shows, Governmental Fund revenues increased in 2017. The increase was primarily due to a jump of \$364,015 in capital grants from the Parish for the purchase of radios, equipment and a vehicle. This increase was offset by a drop in the millage allocation for operations of \$(15,518). AVF's millage rate was levied at its rolled-back amount of 23.98 mills. Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized.



As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.8 percent of total general fund expenditures, as compared to 35.7 percent last year. Total fund balance represents 25.0 percent of total general fund expenditures, as compared to 66.2 percent last year.

The fund balance of AVF'S General fund decreased by \$207,184 during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$1,231,875, while expenditures totaled \$1,439,059.
- Revenues increased by \$347,047 from the prior year, mainly because of:
  - Intergovernmental revenues totaled \$1,202,870, which is \$349,817 more than last year. The millage allocation for operations from Jefferson Parish (i.e., property taxes) totaled \$739,990, which is \$(15,518) less than last year. The Parish also provided \$445,189 for

capital purposes (new radios, equipment and a new vehicle). This is \$364,015 more than last year. Finally, the State Fire Insurance Rebate totaled \$17,691 (up \$1,320).

- Miscellaneous income totaled \$28,683 (down \$2,844), as the dividend from the workers compensation plan of \$27,886 was recognized in 2017, along with fire report sales of \$30, reimbursements from the State for holding elections at the firehouse totaling \$200, and miscellaneous income of \$67.
- Expenditures totaled \$1,439,059, an increase of \$582,953 or 68.1 percent compared to the prior year.
- Salaries and related costs increased \$49,473. Salaries were up slightly due to increases in salaries and overtime costs due to the addition of a new employee and raises given at the beginning of the year. Retirement was up due to increased contributions to the Deferred Compensation 457b Plan. Group health costs were up due to premium increases. Uniform costs were down.
  - Firefighting costs and supplies were up \$19,366 primarily due to an increase in firefighting apparel and an increase in firefighting supplies (purchases of uniforms and firefighting gear made with Parish funds).
  - Station expenses were down \$(2,778) due to a decrease in station repairs.
  - Vehicle expenses were up \$2,592 due to increases in vehicle repairs and maintenance.
  - Capital outlay was up \$513,259 due to the purchase of new radios, some equipment and a new pumper truck. Most of these capital purchases were funded with capital grants from the Parish. AVF still owes \$156,739 on the pumper truck.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** AVF’S investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$99,652 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. AVF’S investment in capital assets decreased by \$(82,092) or 45.2 percent this year. Major capital asset events during the current fiscal year included the following:

- \$6,626 was spent on furniture and fixtures (new radio, Ipads, hydrant marker and lawnmower).
- \$590,724 was spent on vehicles and heavy equipment (mostly cameras, LED lights, and a new Pumper Truck).
- \$67,327 was recognized as depreciation expense.
- \$612,115 of net book value assets were transferred to the Parish (mostly fire trucks and vehicles, as per the Parish’s new policy of all vehicles being titled in their name).

**AVONDALE VOLUNTEER FIRE COMPANY, INC.  
CAPITAL ASSETS  
(NET OF DEPRECIATION)**

	Governmental Activities 2017		Governmental Activities 2016
Land	\$ 8,834	\$	8,834
Buildings	11,031		16,914
Furniture and fixtures	15,394		17,617
Vehicles and firefighting equipment	64,393		138,379
Total	\$ 99,652	\$	181,744

Additional information on AVF’S capital assets can be found in Note D.2 on page 28.

**Long-term Debt.** At the end of 2017, AVF had total outstanding debt of \$-0-.

***ECONOMIC FACTORS AND NEXT YEAR'S RATES***

- The unemployment rate for the Parish of Jefferson is currently 3.6 percent, which is 0.9 percent lower than it was a year ago as the national recession continues to ease in the area. The unemployment rate in the New Orleans MSA area is still below both the state and federal levels.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2017 (next year's) tax roll was 26.69 mills (23.98 operating and 2.71 bond). Only the operating money is allocated to the volunteer fire districts. The bond money remains with the Parish. This is slightly lower than last year (as the Parish typically rolls back millage rates). As a result, next year's revenues are expected to be slightly lower than the current year. Budget figures presented by the Parish show the monthly allocation of property taxes went up slightly to \$63,000 due to the inclusion of the new payment-in-lieu-of-taxes (PILOT) program implemented with a newly opened ammonia plant within the district boundaries.

***REQUESTS FOR INFORMATION***

This financial report is designed to provide a general overview of AVF'S finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Avondale Volunteer Fire Company, Inc., President, 500 S. Jamie Blvd. Avondale, LA 70094.

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## **BASIC FINANCIAL STATEMENTS**

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH**  
**AVONDALE DIVISION**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 507,042
Investments	-
Receivables (net of allowance for uncollectibles)	-
Other assets	11,079
Capital assets (net of accumulated depreciation)	
Land	8,834
Buildings	11,031
Furniture and fixtures	15,394
Vehicles and firefighting equipment	64,393
<b>TOTAL ASSETS</b>	<b>617,773</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	156,741
Accrued payroll and deductions	1,752
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	-
<b>TOTAL LIABILITIES</b>	<b>158,493</b>
<b>NET POSITION</b>	
Net investment in capital assets	99,652
Restricted for:	
Debt service	-
Other	-
Unrestricted	359,628
<b>TOTAL NET POSITION</b>	<b>\$ 459,280</b>

The accompanying notes are an integral part of this statement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government					
Governmental Activities:					
Public Safety	\$ 841,709	\$ -	\$ 757,681	\$ 445,189	\$ 361,161
Unallocated depreciation expense	67,327	-	-	-	(67,327)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	\$ 909,036	\$ -	\$ 757,681	\$ 445,189	293,834
		GENERAL REVENUES:			
					Unrestricted interest 322
					Gain (loss) on sale of equipment -
					Unrestricted gifts and donations -
					Other 28,683
					TOTAL GENERAL REVENUE AND TRANSFERS 29,005
					CHANGE IN NET POSITION 322,839
					SPECIAL ITEM
					Gain (loss) on transfer of assets to the Parish of Jefferson (612,115)
					NET POSITION
					Beginning of Year 748,556
					End of Year \$ 459,280

The accompanying notes are an integral part of this statement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION

GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2017

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Certificates of Deposit	\$ 507,042
Accounts Receivable	-
Prepaid items	11,079
<b>TOTAL ASSETS</b>	<u>\$ 518,121</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 156,741
Premiums payable	-
Salaries and related taxes payable	1,752
<b>Total Liabilities</b>	<u>158,493</u>
Fund Balance:	
Nonspendable	-
Restricted	-
Committed	-
Assigned	261,754
Unassigned	97,874
<b>Total Fund Balance</b>	<u>359,628</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 518,121</u>

The accompanying notes are an integral part of this statement.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH**  
**AVONDALE DIVISION**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Amounts reported for governmental activities in the Statement of Net Position (page 14) are different because:

Total Fund Balances at December 31, 2017 - Governmental Funds (page 16)	\$	359,628
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$426,500 and the accumulated depreciation is \$326,846.		99,652
Total Net Position of Governmental Activities at December 31, 2017 (page 14)	\$	<u>459,280</u>

The accompanying notes are an integral part of this statement.

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>
<b>REVENUES</b>	
Intergovernmental	\$ 1,202,870
Service charges and reimbursements	-
Donations and gifts	-
Interest	322
Miscellaneous	28,683
TOTAL REVENUES	<u>1,231,875</u>
<b>EXPENDITURES</b>	
Current	
Public Safety	
Personnel and related costs	713,921
General and administrative costs	50,573
Firefighting costs and supplies	27,625
Station Expenses	27,054
Vehicle Expenses	22,536
Capital outlay	597,350
Debt Service	
Principal	-
Interest	-
TOTAL EXPENDITURES	<u>1,439,059</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(207,184)
<b>OTHER FINANCING SOURCES</b>	
Capital lease	-
Loan proceeds	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>(207,184)</u>
<b>FUND BALANCE</b>	
Beginning of year	566,812
End of year	<u>\$ 359,628</u>

The accompanying notes are an integral part of this statement.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Amounts reported for governmental activities in the Statement of Activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ (207,184)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	530,023
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	-
Change in net position of governmental activities (page 15)	<u>\$ 322,839</u>

The accompanying notes are an integral part of this statement.

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**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Avondale Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units under the legal premise that AVF is a "quasi-public" corporation. Quasi-public corporations are non-profit or private companies who are created to perform a public service and which receive the majority of their funding from public funds (i.e., taxes, grants, etc.). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of AVF's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Fire District No.7 of Jefferson Parish (the "District") was created by Parish Ordinance to provide fire protection services to the citizens of the District and the surrounding area. The District is serviced by five separate fire companies/divisions, each receiving a pro-rata share of the District's revenues. The District is currently funded by a 25 mill ad valorem tax levied by the District via the Parish Council and is governed by the same Council that governs the Parish. As such, the District is reported as a component unit within the Parish's financial statements.

Under a cooperative endeavor agreement, the daily operations of the District's Avondale Division are contracted out to Avondale Volunteer Fire Company, Inc. ("AVF"). AVF was incorporated as a non-profit service corporation under Section 501(c) (3) of the Internal Revenue Code. AVF has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provide in Section 170(b) (1) (A) (vi). AVF is governed by a President and a Board of Directors which are elected by the membership. The accompanying statements report transactions related only to those of AVF.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of AVF. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of AVF's operations, AVF reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by AVF to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of AVF are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

AVF reports the following major governmental funds:

The *General Fund* is the general operating fund of AVF. It is used to account for all financial resources and expenditures. It includes the activity of the "private" account, as well as the "public funds" account.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and 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 be used to pay liabilities of the current period. Intergovernmental revenues received from the Parish in connection with the cooperative endeavor agreement are recognized in the year to be benefited. All other service charges and intergovernmental revenues are recognized as received. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recognized as expenditures only when payment is due.

4. Budgets

As a quasi-public corporation, AVF is not required to adopt a budget; therefore, a budget to actual statement is not presented in the accompanying financial statements. An informal budget is adopted for internal purposes for the General Fund.

5. Assets, Liabilities, and Net Position or Fund Equity

A. *Cash and Investments*

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit.

Investments, if any, are stated at fair value, except for investments in government securities with maturities less than 1 year, which are stated at cost or amortized cost.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*B. Inventories*

The cost of materials and supplies acquired by AVF are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at December 31, 2017 would not be material to the financial statements.

*C. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by AVF as assets with an initial, individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life in Years</u>
Buildings and Improvements	20
Furniture and Fixtures	3 to 5
Vehicles and Heavy Equipment	3 to 20

*D. Fund Equity*

In accordance with Government Accounting Standards Board (GASB) Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fund financial statements, fund balances of the governmental fund types are categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned, or Unassigned.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

For *assigned fund balances*, the President and/or Fire Chief may assign amounts to a specific purpose via internal memorandum, with the board's approval.

While AVF has not established a policy for its use of unrestricted fund balance, it does consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

6. Use of Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires AVF to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures. Actual results could differ from the estimates that were used.

7. Subsequent Events

AVF has evaluated subsequent events through May 11, 2017, the date the financial statements were available to be issued.

8. Donated Services, Facilities, or Supplies

No amounts are reflected in the financial statements for donated services. Donated services include a substantial number of hours from volunteer firefighters. These amounts are not readily determinable. In addition, the Parish of Jefferson provides the facilities in which AVF's personnel operate from. The Parish also owns some of the firefighting vehicles and equipment. The costs of these assets are carried on the financial statements of the Parish and are not included in AVF's financial statements.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$530,023 difference are as follows:

Capital outlay	\$ 597,350
Depreciation expense	<u>(67,327)</u>
Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i> .	<u>\$ 530,023</u>

**NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

1. Compliance with Cooperative Endeavor Agreement

As a quasi-public corporation, AVF is not subject to all of the general statutes governing political subdivisions and other governments within the State of Louisiana. Instead, AVF must comply with the terms and conditions of the cooperative endeavor agreement it has with the Parish of Jefferson. As of December 31, 2017, AVF was in compliance with all of the significant conditions of the agreement.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

1. Deposits with Financial Institutions and Investments

**Deposits with Financial Institutions**

At December 31, 2017, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
<b>Value of Deposits in Banks</b>	\$ 446,435	\$ 61,052	\$ -	\$ 507,487
<b>Bank Balances of Deposits Exposed to Custodial Credit Risk:</b>				
A. Uninsured and uncollateralized	\$ 238,712	\$ -	\$ -	\$ 238,712
B. Uninsured and collateralized with securities held by pledging institution	-	-	-	-
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in AVF's name	-	-	-	-
<b>Total Bank Balances Exposed to Custodial Credit Risk</b>	<u>\$ 238,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,712</u>
<b>Total Cash Balances on Books - All Deposits</b>	<u>\$ 445,990</u>	<u>\$ 61,052</u>	<u>\$ -</u>	<u>\$ 507,042</u>

**Investments**

AVF had no investments during the year.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

2. Capital Assets

The following is a summary of changes in fixed assets during the fiscal year:

	Balance December 31, 2016	Additions	Deletions	Transfers	Balance December 31, 2016
<b>Governmental Activities:</b>					
Capital Assets, not being depreciated					
Land	\$ 8,834	\$ -	\$ -	\$ -	\$ 8,834
Total capital assets, not being depreciated	<u>\$ 8,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,834</u>
Capital Assets, being depreciated					
Buildings	\$ 75,558	\$ -	\$ -	\$ -	\$ 75,558
Furniture and fixtures	74,929	6,626	-	-	81,555
Vehicles and heavy equipment	1,005,096	590,724	(1,335,267)	-	260,553
Total capital assets, being depreciated	<u>1,155,583</u>	<u>597,350</u>	<u>(1,335,267)</u>	<u>-</u>	<u>417,666</u>
Less Accumulated Depreciation for:					
Buildings	(58,644)	(5,883)	-	-	(64,527)
Furniture and fixtures	(57,312)	(8,849)	-	-	(66,161)
Vehicles and heavy equipment	(866,717)	(52,595)	723,152	-	(196,160)
Total accumulated depreciation	<u>(982,673)</u>	<u>(67,327)</u>	<u>723,152</u>	<u>-</u>	<u>(326,848)</u>
Total capital assets being depreciated, net	<u>\$ 172,910</u>	<u>\$ 530,023</u>	<u>\$ (612,115)</u>	<u>\$ -</u>	<u>\$ 90,818</u>
Total governmental activities capital assets, net	<u>\$ 181,744</u>	<u>\$ 530,023</u>	<u>\$ (612,115)</u>	<u>\$ -</u>	<u>\$ 99,652</u>

The Parish of Jefferson adopted a new policy whereby all fire trucks and vehicles purchased by the non-profits under contract with the Parish with public funds would have to have the trucks and vehicles titled in the Parish's name. Thus, all vehicles were removed from AVF's books and transferred to the Parish. This \$612,115 transfer is reflected as a "special item" on the face of the Statement of Activities.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

3. Fund Balance Components

Per Note A.5.D., AVF follows the requirements of Government Accounting Standards Board (GASB) Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, in the fund financial statements, fund balances of the governmental fund types are categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned, or Unassigned. AVF is reporting \$261,754 as *assigned* fund balance. These funds are assigned for future capital outlay purposes. Monies are being set aside by management from the increased tax millage to save up for the replacement of certain vehicles and firefighting equipment.

**NOTE E - ECONOMIC DEPENDENCE**

The Parish Council levies a 25 mill ad valorem tax to finance the operations of Fire Protection District No. 7. The Parish in turn contracts with local volunteer fire companies to provide fire protection services on a daily basis. AVF is one of five fire companies operating in Fire Protection District No. 7. Each fire company receives on a monthly basis, 1/12th of the currently budgeted revenues expected to be collected from the 25 mill tax.

On the 2016 tax roll, the Parish levied 23.98 of the 25.00 mills available (due to the millage rate being "rolled back"). The millage was renewed on May 1, 2010 and will expire in 10 years. The remittance to AVF from the Parish of this millage during 2017 totaled \$739,990 or 60.1 percent of its total General Fund revenues. The Parish also provided \$445,189 to AVF during 2017 for capital purchases (\$400,000 to assist in purchasing new pumper truck and \$45,189 for some equipment).

In addition, the Parish of Jefferson owns the firehouses and the fire trucks and vehicles that AVF uses for operations. These facilities, trucks and vehicles are provided to AVF under the cooperative agreement that gives AVF the authority to administer the operations of the fire district. AVF is responsible for maintaining and insuring the assets as per the contract.

**NOTE F - COMMITMENTS AND CONTINGENCIES**

1. Risk Management

AVF is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers (some directly and some through the Parish of Jefferson). In each policy, AVF is responsible for the deductible.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -**  
**AVONDALE DIVISION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE F - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

2. Litigation

There is no litigation pending against AVF at December 31, 2017.

**NOTE G - OTHER INFORMATION**

1. Retirement

AVF's employees are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, AVF contributes 7.65 percent to the System. Aggregate pension costs for the year are \$37,816. AVF does not guarantee the benefits granted by the Social Security System.

2. Deferred Compensation

AVF offers its employees a deferred compensation plan (the "plan") created in accordance with Internal Revenue Code (IRC) Section 457b. The plan, available to all employees, permits them to defer a portion (up to 6%) of their salary until further years. AVF matches the contribution up to 3%. For 2017, employees contributed \$31,895 to the plan and the employer match resulted in an expenditure of \$15,947. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

In 1996, the U.S. Congress passed the Small Business Job Protection Act of 1996, which requires that employer governments place all amounts deferred until IRC Section 457 into a trust for the exclusive benefit for participants and their beneficiaries. Thus, AVF has no ownership of the plan assets and they are not reported in AVF's financial statements. Investments are managed by the Plan's trustee (Nationwide Retirement). The choice of the investment option(s) are made by the Plan participants.

3. Expenditures Paid by Others

The full-time firefighters of the Fire Department who meet certain requirements receive supplemental pay from the State of Louisiana under the provisions of LRS 33:2002. The State pays this supplemental pay directly to the firefighters; therefore, the expense does not pass through these financial statements. State supplemental payments made to Fire Department employees totaled \$53,998 for the year ended December 31, 2017. The supplemental pay is included in the taxable income of the firefighters so that federal and state taxes may be applied.

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION

GOVERNMENTAL FUNDS - GENERAL FUND  
DETAILED SCHEDULE OF REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>
Intergovernmental	
Federal	
FEMA Public Assistance	\$ -
Jefferson Parish contract:	
Direct payments - ad valorem taxes	739,990
Direct payments - capital improvement subsidy	445,189
State	
Fire Insurance Rebate	17,691
Local	
Grant/Donation - City of Westwego	-
	<u>1,202,870</u>
Service charges and reimbursements	
Vending/ice sales	-
	<u>-</u>
Donations and gifts	
Others	-
	<u>-</u>
Interest	<u>322</u>
Miscellaneous	
Insurance proceeds	-
Sales of equipment	-
Dues	-
Other	28,683
	<u>28,683</u>
 TOTAL REVENUES	 <u>\$ 1,231,875</u>

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
d/b/a  
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION

GOVERNMENTAL FUNDS - GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>
<b>Public Safety</b>	
Current	
Personnel and related costs	
Salaries - regular	\$ 451,760
Salaries - overtime	42,917
Salaries - tenure	3,800
Payroll taxes	41,241
Retirement	15,990
Health insurance	123,906
Unemployment insurance	84
Workmens' compensation	32,278
Uniforms and shirts	1,895
Physicals & drug testing	50
	<u>713,921</u>
General and administrative costs	
Accounting and legal	4,600
Bank charges	1,307
Insurance - auto	12,234
Insurance - general and liability	20,997
Membership dues	217
Miscellaneous	(89)
Office and computer supplies	2,705
Professional services - other	7,017
Telephone	1,585
Travel and conventions	-
	<u>50,573</u>
Firefighting costs and supplies	
Apparel	10,693
Dues	68
Firefighting supplies	15,238
Maintenance - radios & equipment	709
Training	917
Emergency supplies	-
	<u>27,625</u>
Station Expenses	
Food and beverages	1,336
R & M - buildings	6,703
Hurricane related costs	-
Station supplies	3,158
Utilities	15,857
	<u>27,054</u>
Vehicle Expenses	
Gas and oil	4,621
R & M - vehicles	17,915
	<u>22,536</u>
Capital outlay	
Buildings and grounds	-
Furniture and fixtures	4,326
Vehicles and equipment	593,024
	<u>597,350</u>
TOTAL CURRENT	<u>1,439,059</u>
Debt Service	
Principal	-
Interest	-
TOTAL DEBT SERVICE	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,439,059</u>

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## **SUPPLEMENTAL INFORMATION**

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)**  
**d/b/a**  
**FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH**  
**AVONDALE DIVISION**

**SCHEDULE OF COMPENSATION AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Agency Head Name/Title:** Michael Ortiz, Sr, Fire Chief

<u>Purpose</u>	<u>Amount</u>	
Salary	\$	53,331
State Supplemental Pay		6,000 (1)
Benefits - Insurance (Group Health)		6,795
Benefits - Payroll Taxes		4,539 (2)
Benefits - Retirement		1,780 (3)
Car Allowance		-
Vehicle Provided by Agency		- (4)
Per Diem		-
Reimbursements		-
Travel		-
Registration Fees		-
Conference Travel		-
Continuing Professional Education Fees		-
Housing		-
Unvouchered Expenses		-
Special Meals		-

**Notes to Schedule:**

- (1) State Supplemental Pay is paid directly to the employee by the State of Louisiana. It is included in taxable wages to the employee by AVF so that federal and state payroll taxes can be paid on these wages.
- (2) AVF employees do not participate in any qualified state pension plans. Instead, they pay social security and medicare taxes. This amount represents the amount of taxes paid by the employer (AVF).
- (3) During 2017, AVF employees could opt to defer part of their wages into a Section 457B Deferred Compensation Plan. Employees can defer up to 6% and AVF would match up to 3%. This amount represents the employer match of 3%.
- (4) AVF 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 personal use is typically only made up of commuting. The truck is primarily used for public safety purposes. The vehicle is also clearly marked with insignias and painted as a fire fighter vehicle.

## **COMPLIANCE SECTION**

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

To the President and Board of  
Avondale Volunteer Fire Company, Inc. (AVF)  
Avondale, Louisiana

I 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 each major fund (i.e., the General Fund) of the Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise AVF's basic financial statements, and have issued my report thereon dated May 11, 2018.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit, I considered AVF's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AVF's internal control. Accordingly, I do not express an opinion on the effectiveness of AVF's internal control

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and responses, which I consider to be significant deficiencies (See Findings 17-01 and 17-02).

#### **COMPLIANCE AND OTHER MATTERS**

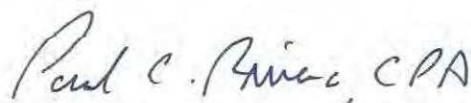
As part of obtaining reasonable assurance about whether AVF's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **AVF's RESPONSE TO FINDINGS**

AVF's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. AVF's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

#### **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AVF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul C. Pina, CPA

May 11, 2018

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
D/B/A  
FIRE PROTECTION DISTRICT No. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION**

**SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended December 31, 2017**

I have audited the financial statements of the Avondale Volunteer Fire Company, Inc. (AVF) as of and for the year ended December 31, 2017, and have issued my report thereon dated May 11, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion.

**SECTION I - SUMMARY OF AUDITOR'S REPORTS**

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Significant Deficiencies: 17-01 and 17-02.

No Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted

B. Federal Awards - not applicable

C. Identification of Major Programs - not applicable

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**17-01 - End of Year Journal Entries**

Condition and Criteria

Journal entries were required as part of the audit for financial statement misstatements related to accrued revenues, accrued payables, and fixed assets. Generally accepted auditing standards now consider year-end adjusting entries prepared by the auditor to be a significant deficiency in internal control.

Cause

Recently issued Statement on Auditing Standards (SAS) 112 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting control deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. AVF has relied on its auditor to identify and correct such financial statement misstatements.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
D/B/A  
FIRE PROTECTION DISTRICT No. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION**

**SCHEDULE OF FINDINGS  
For the Year Ended December 31, 2017**

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 112. In this case, we do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response

AVF's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, AVF does not consider it practical to provide sufficient training to its staff in order to eliminate this condition and can only continue to rely on the auditor for these corrections at this time.

**17-02 - Preparation of Financial Statements by Auditor**

Condition and Criteria

AVF does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principle. As is common in small organizations, AVF has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause

Recently issued Statement of Auditing Standards (SAS) 112 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 112. In this case, we do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

**AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)  
D/B/A  
FIRE PROTECTION DISTRICT No. 7 OF JEFFERSON PARISH  
AVONDALE DIVISION**

**SCHEDULE OF FINDINGS  
For the Year Ended December 31, 2017**

Management's Response

AVF's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, AVF does not consider it practical to provide sufficient training to its staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not Applicable

**SECTION IV - STATUS OF PRIOR YEAR FINDINGS**

The status of findings and questioned costs noted in prior years is noted below:

**FINANCIAL STATEMENT FINDINGS**

<b>Prior Year Comment No.</b>	<b>Description</b>	<b>Status</b>
# 16-01	End of year journal entries, closing entries, and depreciation entries prepared by external auditor.	Not Resolved See CY Comment # 17-01
# 16-02	Financial statements prepared by external auditor.	Not Resolved See CY Comment # 17-02

(END)

**AGREED UPON PROCEDURES REPORT  
AVONDALE VOLUNTEER FIRE DEPARTMENT, AVONDALE, LOUISIANA**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

**For the Period from January 1, 2017 to December 31, 2017**

To the President and Board of Directors of  
Avondale Volunteer Fire Department, Inc.  
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Avondale Volunteer Fire Department, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. AVF's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - 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.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- 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, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**RESULTS: Exceptions Noted - AVF has no formal written policies on payroll/personnel or travel and expense reimbursement. All other categories did have a written policy or guideline in place. Budgeting, Ethics and Debt Service are not applicable to the entity.**

***Board (or Finance Committee, if applicable)***

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2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**RESULTS: The Board meets with a quorum on a monthly basis (in most cases).**

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**RESULTS: The Fire Chief presents financial data to the Board at the board meeting on a monthly basis (or when meetings are held). The minutes of the meeting reflect this.**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**RESULTS: The minutes of the Board meetings do reference a multitude of non-budgetary financial information, such as expense and repair approvals, requests for disbursements, etc.**

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**RESULTS: I obtained a list of bank accounts from AVF and management's representation that the list was complete. Per the listing, AVF maintained 4 bank accounts during the fiscal year, three of which received public funds.**

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**RESULTS: Based on the number of accounts maintained by AVF, I selected all three of the public accounts for testing. For those accounts, bank reconciliations were obtained for each month during the fiscal year, without exception. The bank reconciliations were prepared monthly by the outside bookkeeping service and reviewed by the Fire Chief. Initials of the review were evident on the bank reconciliations. The Fire Chief does also review the bank reconciliations for old outstanding items. He includes notes on the bank reconciliation on what the disposition of the researched item should be (e.g., needs to be voided and reissued, etc.). For those accounts selected, I did not note any item outstanding more than 6 months.**

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**RESULTS: I obtained a list of cash collection locations from AVF and management's representation that the list was complete. Per the listing, AVF's main station is the only cash collection location.**

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**RESULTS: Exception Noted - A review of AVF's insurance policies show that the employees who handle deposits are not bonded. AVF does not collect "cash" per se (their main collections come from the Parish via ACH deposits). Also, due to the small size of the Accounting Department (only one employee – the Fire Chief), the employee receiving cash or checks, making up the deposits, and posting them to the ledger is the same person. He is also the same employee called upon to review the bank account reconciliations.**

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**RESULTS: As noted previously, there are typically no cash collections during the year. No pre-numbered receipts are used. There are also no subsidiary ledgers in use.**

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**RESULTS: AVF utilizes the services of an outside bookkeeping service to post and maintain its general ledger. The ledger is posted in monthly batches, not daily or weekly. As such, I could not select or test the highest dollar "week" of cash collections. Instead, I selected the highest dollar "month" of collections and used it for testing. Based on this testing, I noted that six (6) deposits were made in the month of May 2017 and all cleared the bank within one (1) day of receipt.**

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**RESULTS: I vouched each deposit to its supporting documentation and noted that each deposit was complete and properly supported.**

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**RESULTS: Exception Noted -** The main sources of revenue to the AVF is the allocation of ad valorem taxes and the State Fire Insurance Rebate received from the Parish of Jefferson. These revenue sources make up more than 97.6% of its revenues. Each year, the Parish's Budget Department sends the Fire Chief of AVF a letter notifying him of that year's millage allocation and the monthly amount that they will be receiving. Each ACH is preceded by an email from the Parish's Finance Department supporting the ACH remittance for the month. Again, due to the limited staff size of AVF accounting section, the Fire Chief is the one that these letters and emails go to and he is the one responsible for collections.

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)*

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**RESULTS: I obtained the general ledger posted during the year and I obtained management's representation that this ledger was complete.**

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**RESULTS: Per the above, I selected 25 disbursements at random from the general ledger. This test of transactions included procedures for examining the supporting documentation for evidence of initiation of purchases, approval of the purchase separate from the person initiating it, and for evidence of a review and approval of all documents and/or receiving reports prior to paying the invoice. Requisitions are not used by AVF; therefore, there is no documentation of the initiation or initiator of any of the 25 purchases tested. It does, however, use a limited purchase order system, in that all purchases require a PO prior to payment.**

Of the 25 items sampled, all showed evidence of a proper approval of the purchase (with a signature by the Fire Chief). However, due to the small size of the Accounting/Administrative Staff, most, if not all of the purchases, were approved by a person who was not independent of the initiation the purchase (many purchases are initiated by the Fire Chief). Payments were not processed without the proper approved PO or invoice. The only mitigating control here is that the check requires a dual signature; therefore, someone other than the Fire Chief does review and approve the purchase before payment is made.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**RESULTS: AVF utilizes QuickBooks as its Accounting System. New vendors are added to the system as invoices or transactions dictate. The outside bookkeeper adds vendors to the system as needed.**

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**RESULTS: Exception Noted - AVF requires two (2) signatures on each check – one from the Fire Chief, the Board President, or one of the two authorized Board Members. The Fire Chief can requisition or initiate a purchase. None are responsible for recording purchases, as that is done by the outside bookkeeper.**

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**RESULTS: Blank check stocks are maintained by AVF's Fire Chief in his office in a locked file cabinet. The AVF's Fire Chief's office is typically locked when the Fire Chief is not present. The Fire Chief's office is accessible to the Fire Chief or the Assistant Fire Chief. Again, due to the limited staff size, the Fire Chief is one of the people who has check signing authority on the account and he has access to the checks (although, the checks require two signatures).**

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**RESULTS: Not Applicable - Signature stamp or signature machine is not used. Only original signatures are accepted.**

#### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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

**RESULTS: I obtained a listing of all active credit cards, including the card numbers and the names of the persons assigned the cards. I also obtained management's representation that the listing is complete. During the year, AVF utilized six (6) corporate credit cards, including a fuel card account and a bank debit card.**

15. Using the listing prepared by management, randomly select 2 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

**RESULTS: Exceptions Noted - I selected 2 cards and obtained the monthly statements for each card. I examined the largest dollar volume monthly statement for each card and found that they were not reviewed and approved by anyone other than the Fire Chief.**

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**RESULTS: There were no finance charges or late fees on the statements selected for testing.**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**RESULTS: Exceptions Noted - Of the two cards tested, I examined supporting documents for 9 transactions. Of these transactions, all 9 of the transactions had an original itemized receipt; however, none of the 9 receipts had the business purpose noted.**

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**RESULTS: The 9 transactions tested appear to be in compliance with AVF's purchasing policies, as well as the Louisiana Public Bid Laws. No exceptions noted.**

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**RESULTS: The 9 transactions tested appear to be in compliance with Article 7, Section 14 of the Louisiana Constitution. No exceptions noted.**

***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**RESULTS: Not Applicable – no travel related expenses were noted in the general ledger for 2017.**

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**RESULTS: Exception Noted – AVF has no formal travel expense reimbursement policy. AS such, I could not compare the rates to the guidelines set forth by GSA.**

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**RESULTS: Not Applicable – no travel related expenses were noted in the general ledger for 2017.**

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**RESULTS: Not Applicable – no travel related expenses were noted in the general ledger for 2017.**

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the

transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**RESULTS: Not Applicable – no travel related expenses were noted in the general ledger for 2017.**

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**RESULTS: Not Applicable – no travel related expenses were noted in the general ledger for 2017.**

### *Contracts*

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**RESULTS: I obtained the general ledger from AVF and scanned it for contract payments. I obtained management's representation that the general ledger was complete. I noted no contracted services or purchases other than those to the practitioner or that were made on state contract.**

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**RESULTS: Not Applicable – no contracted purchases other than to the practitioner or that were made on state contract.**

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**RESULTS: Not Applicable – no contracted purchases other than to the practitioner or that were made on state contract.**

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**RESULTS: Not Applicable – no contracted purchases other than to the practitioner or that were made on state contract.**

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**RESULTS: Not Applicable – no contracted purchases other than to the practitioner or that were made on state contract.**

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**RESULTS: Not Applicable – no contracted purchases other than to the practitioner or that were made on state contract.**

### *Payroll and Personnel*

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

**RESULTS: I obtained a listing of all employees and elected officials who received payments during the fiscal year and I obtained management's representation that the listing was complete.**

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**RESULTS: I traced the hourly wages paid to each of the five employees selected from the payroll journals to the approved pay schedule maintained by the Fire Chief, which was approved by the Board, without exception.**

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**RESULTS: Each November, the Board approves pay raises and a new pay schedule. Most of the employees received a pay raise in January 2017. During my testing, if they received a raise in January, I traced their rate to the 2017 pay schedule without exception.**

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

**RESULTS: I selected 4 employees from the September 22, 2017 payroll and vouched their attendance and leave to their time cards and/or time schedule without exception.**

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**RESULTS:** Without exception, for each of the selected 4 employees, the sign in sheet and time sheet was initialed by a supervisor and/or the AVF Fire Chief approving the attendance and leave noted. If sick or annual leave was taken, there was an approved leave slip attached to the time sheet.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**RESULTS:** The AVF Fire Chief maintains a listing of vacation leave earned, used and balances available for each employee.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

**RESULTS:** Not Applicable - there were no terminations during 2017.

If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**RESULTS:** Not Applicable - there were no terminations during 2017.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**RESULTS:** I obtained AVF's quarterly 941 reports for each quarter during the fiscal year and noted that the forms were filed in a timely manner and that all federal taxes were paid. All state tax forms have also been submitted and all taxes paid.

AVF does not participate in any of the State Pension Plans. AVF does allow employees to participate in a 457b plan. All reports and withholdings for that plan have also been filed without exception.

#### *Ethics (excluding nonprofits)*

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**RESULTS:** Not applicable to non-profit entities.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy.  
Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**RESULTS:** I inquired of management of any alleged ethics violations being reported to the entity during the fiscal period. Per management, there were none.

*Debt Service (excluding nonprofits)*

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**RESULTS: Not Applicable – No new debt issued.**

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**RESULTS: Not Applicable – No bonded debt.**

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**RESULTS: Not Applicable – No tax millages related to outstanding debt.**

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**RESULTS: I inquired of management about whether any misappropriations of public funds or assets had occurred during the fiscal year. Per management, no misappropriations occurred or were known about.**

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**RESULTS: Exception Noted - AVF has not posted the LLA Fraud Hotline Poster in its station. It does not have an official website; therefore, the requirement to post to the website is not applicable.**

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**RESULTS: Not applicable – no other exceptions noted.**

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs.

Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

A handwritten signature in black ink that reads "Paul C. Rivera, CPA". The signature is written in a cursive style with a large initial 'P'.

Paul C. Rivera, CPA  
Marrero, Louisiana  
May 16, 2018



# AVONDALE VOLUNTEER FIRE COMPANY

**7TH DISTRICT**  
JEFFERSON PARISH, LOUISIANA

May 16, 2018

Paul C. Rivera, CPA and the  
Louisiana Legislative Auditor

We appreciate this opportunity to provide explanations for any exceptions noted during the application of the Louisiana Legislative Auditor's Agreed-Upon Procedures (AUPs) for the period January 1, 2017 to December 31, 2017. As a public entity, we do the best we can with the small staff that we have. We are committed to providing the best services to the citizens of our Fire District and spending the public money provided to us in the most efficient manner possible.

In regards to the exceptions noted during the AUPs, we offer the following:

**AUP 1 - No written policies and procedures for various financial and business functions.**

RESPONSE: Due to the small size of the financial staff of AVF (basically 1 full-time administrative employee and one part-time volunteer), we have never been able to achieve a proper segregation of duties in the various financial functions, such as purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, etc. Typically, formal policies and procedures are set in writing to document the flow of transactions and the internal controls and segregation of duties that are established. Since we are unable to do so, we have never felt that the cost/benefit of incurring the time and cost in documenting all of our policies and procedures warranted such an endeavor. We have drafted some guidelines; however, we have yet to draft formal procedures for payroll/personnel and travel and reimbursement expenses. Our administrative staff is well-established and has years of experience on the job. They are well versed in what needs to be done and what our policies and procedures are, even if they are not in writing. We will look to drafting these policies for next year.

**AUP 6 - A review of AVF's insurance policies noted that the employee who makes deposits for the entity is not bonded. While AVF does not handle "cash" per se, this employee is responsible for the financial activity of the entity and should be bonded.**

RESPONSE: We will obtain the necessary fidelity bonds on the Fire Chief.

**AUP 7 - The same employee who is responsible for receiving collections is the same one who typically monitor revenues for completeness.**

RESPONSE: Again, due to the small size of the financial staff of AVF (1 full-time administrative employee); we have never been able to achieve a proper segregation of duties in the various financial functions, including revenue completeness. We have tried to put mitigating controls in place by having an outside Bookkeeper post transactions to the general ledger and prepare the monthly financial data for review by the Board on a monthly or quarterly basis (as needed). We are cognizant of the lack of segregation of duties and monitor financial activity accordingly. Due to the fact that we only receive 12 payments from the Parish, we feel that if an ACH was to be missed, we would know about it immediately.

**AUP 9a - Because there are no requisitions or other like forms in use, there is typically no evidence, written or otherwise, of who initiated the purchase. Of the 25 items tested, 25 should have had written evidence of who initiated the purchase but did not.**

RESPONSE: As a small entity, there are almost no transactions that take place that the Fire Chief or the Board President are unaware of. That being said, we will review our procedures to determine if some form of a requisition form should or could be used without creating extra paperwork for little or no benefit.

**AUP 11 – Of the four people who have signature authority on checks, one can also initiate a purchase.**

RESPONSE: Again, due to the small size of the administrative and financial staff of AVF, we have never been able to achieve a proper segregation of duties in the various financial functions, including the purchasing and accounts payable process. We require a purchase order on every purchase and we also require dual signatures on every check. We do not believe that having one of these four people initiate a purchase causes a great concern since there are other reviews and approvals down the line by other people, plus the dual signatures on the check. We are cognizant of the lack of segregation of duties and monitor financial activity accordingly.

**AUP 15a – Of the 9 transactions tested on the credit cards, none of them had the “business purpose” of the transaction noted on them. While the business purpose of the purchase was evident in some cases, AVF should formally document the reason for the purpose either on the receipt or on the statement itself so that there is no doubt as to why the purchase was made.**

RESPONSE: We will look to noting the business purpose on either the receipt or the statement in the future. We do mark the PO with a generic description of the purpose of the purchase, but realize that more is needed.

**AUP 18 – AVF has not written travel and reimbursement policy.**

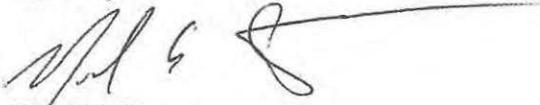
RESPONSE: While the Parish’s contract severely limits our travel, we understand the need for a policy and look to draft one up for next year.

**AUP 32- The Legislative Auditor's Fraud Hotline poster was not posted on the fire station.**

RESPONSE: We did not realize that we were required to post the LLA Fraud Hotline poster at our station. We will print it out and post it in 2018.

We hope that our answers address any concerns raised from the exceptions noted. We will work towards improving our processes and procedures to minimize or reduce any such exceptions in the future.

Sincerely,

A handwritten signature in black ink, appearing to be 'M. S. G.', with a long horizontal line extending to the right.

Fire Chief  
Avondale Volunteer Fire Department, Inc.