

**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, 2018**

*(THIS PAGE LEFT BLANK INTENTIONALLY)*

**TABLE OF CONTENTS**

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT .....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position .....	14
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	16
to the Statement of Net Position .....	17
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities .....	19
Notes to Financial Statements	
Note A - Summary of Significant Accounting Policies .....	21
Note B - Reconciliation of Government-wide and Fund Financial Statements.....	26
Note C - Stewardship, Compliance, and Accountability .....	26
Note D - Detailed Notes on All Activities and Funds	
Note D.1 - Deposits With Financial Institutions and Investments .....	27
Note D.2 - Capital Assets .....	28
Note D.3 - Fund Balance Components .....	29
Note E - Economic Dependence .....	29
Note F - Commitments and Contingencies .....	29
Note G - Other Information .....	30
<b>INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
General Fund	
Schedule of Revenues - Actual.....	32
Schedule of Expenditures - Actual .....	33
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer.....	36

**TABLE OF CONTENTS (CONTINUED)**

Page

**COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	37
Schedule of Findings and Responses .....	39

## **FINANCIAL SECTION**

*(THIS PAGE LEFT BLANK INTENTIONALLY)*

**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, 2018, 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, 2018 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.

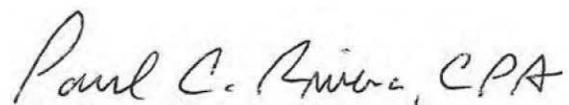
### *Other Information*

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 April 10, 2019, 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.



April 10, 2019

**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, 2018.

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 \$469,067 (*net position*). Of this amount, \$40,252 or 8.6 percent is invested in capital assets, such as buildings and equipment. The remaining balance of \$428,815 (*unrestricted net position*) or 91.4 percent may be used to meet the government’s ongoing obligations to citizens and creditors.
- AVF’S total net position increased by \$9,787 or 2.1 percent during the current year because revenues exceeded the expenses and special items by that amount. During 2018, operating grants were up due to higher allocations from ad valorem tax collections for operations; however, this was offset by a decrease of \$(304,474) in capital grants (the Parish provided money to help purchase new radios, equipment and a new pumper truck in the prior year. In 2018, the amount provided help pay off the balance on the pumper truck). A special item of \$(6,546) 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 it’s name.
- As of the close of the current fiscal year, AVF’S governmental fund (the General Fund) reported ending fund balance of \$428,815, an increase of \$69,187 or 19.2 percent in comparison with the prior year. Approximately \$176,806 or 41.2 percent of this total amount is available for spending at the government’s discretion (*unassigned fund balance*). The balance of \$252,009 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 \$176,806 or 20.4 percent of total general fund expenditures. This compares to 6.8 percent last year. Total fund balance was \$428,815 or 49.5 percent of total general fund expenditures. This compares to 25.0 percent last year. This increase was the result of the money spent this last year on the pumper truck.
- AVF’S had no outstanding long-term debt at December 31, 2018.

## ***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 36.

**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 \$469,067 at December 31, 2018.

A large portion of AVF’s net position (8.6 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>2018</u>		<u>2017</u>	
Current and other assets	\$ 432,137		\$ 518,121	
Capital assets	<u>40,252</u>		<u>99,652</u>	
Total Assets	<u>472,389</u>		<u>617,773</u>	
Long-term liabilities outstanding	-		-	
Other liabilities	<u>3,322</u>		<u>158,493</u>	
Total Liabilities	<u>3,322</u>		<u>158,493</u>	
Net Position:				
Invested in capital assets, net of related debt	40,252	8.6%	99,652	21.7%
Restricted	-	0.0%	-	0.0%
Unrestricted	<u>428,815</u>	91.4%	<u>359,628</u>	78.3%
Total Net Position	<u>\$ 469,067</u>		<u>\$ 459,280</u>	

The balance of *unrestricted net position* (\$428,815 or 91.4 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At December 31, 2018, AVF is able to report positive balances in all three categories of net position.

AVF’S net position increased by \$9,787 or 2.1 percent during the current fiscal year.

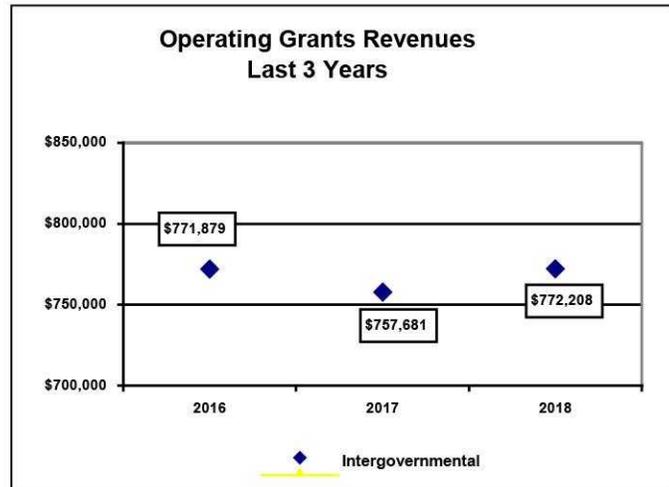
**Governmental Activities.** Governmental activities increased AVF'S net position by \$9,787 or 2.1 percent. Key elements of this decrease are as follows:

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

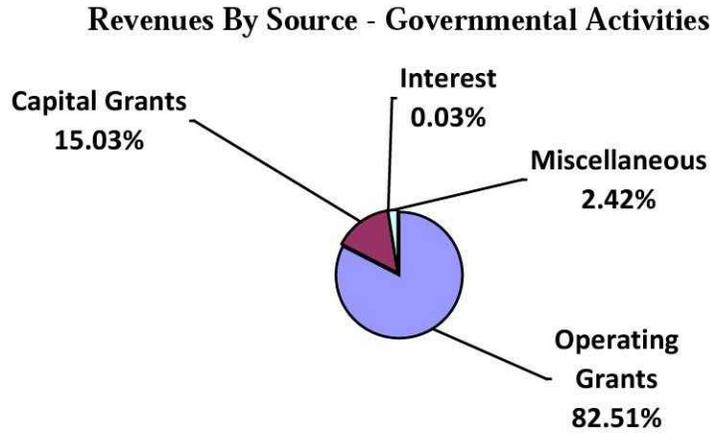
	Governmental Activities <u>2018</u>		Governmental Activities <u>2017</u>	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	772,208	82.5%	757,681	61.5%
Capital grants and contributions	140,715	15.0%	445,189	36.1%
General revenues:				
Unrestricted interest	316	0.0%	322	0.0%
Gain on sale of equipment	-	0.0%	-	0.0%
Miscellaneous	22,679	2.4%	28,683	2.3%
Total revenues	<u>935,918</u>	<u>100.0%</u>	<u>1,231,875</u>	<u>131.6%</u>
Expenses:				
Public Safety	919,585	100.0%	909,036	100.0%
Total expenses	<u>919,585</u>	<u>100.0%</u>	<u>909,036</u>	<u>100.0%</u>
Special Item - Transfer of assets to the Parish	<u>(6,546)</u>		<u>(612,115)</u>	
Increase in net position	9,787		(289,276)	
Net position - Beginning of year	459,280		748,556	
Net position - end of year	<u>\$ 469,067</u>		<u>\$ 459,280</u>	

➤ In the current year, Operating Grants consisted of funds received from the State of Louisiana and the Parish of Jefferson. The State provided \$16,208 to AVF for fire insurance rebates and the Parish levied an ad valorem tax in the District and remitted \$756,000 to AVF. Under the agreement, the Parish remits a fixed monthly amount to AVF depending on the estimated tax collections. This allocation was \$16,010 or 2.2 percent higher 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 Parish also provided \$140,715 in 2018 for the purchase of radios, equipment and a new pumper truck. This is shown as Capital Grants. The current year amount paid the balance on the truck.

➤ Miscellaneous income of \$22,679 was made up of various items and was \$(6,004) less than last year. This included \$22,154 in refunds from LWCC (dividends on the workman's compensation policy), and \$525 from the State for holding elections at the firehouse. The LWCC dividend was less than last year.

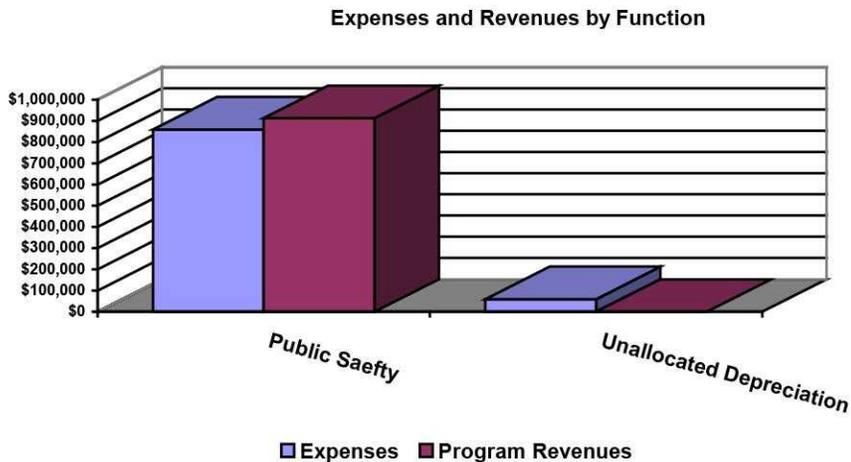


➤ A breakdown of the revenues received by AVF'S governmental activities is as follows:



Expenses totaled \$919,585, including current year depreciation of \$59,828. This is an increase of \$10,549 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 \$31,708), firefighting costs (down \$(16,307)), station expenses (up \$7,000), and vehicle expenses (down \$(4,320)). Salaries were up mostly to an increase in salaries (mainly due to raises given at the beginning of the year). Group health costs increased \$4,109 as premiums went up and a new employee was on the plan for a full year. Workmen's compensation costs were also up \$7,159. Firefighting costs were down mainly due to a decrease in firefighting apparel and firefighting supplies (due to items purchased with a Parish grant in the prior year). Station expenses were up due to an increase in station repairs and maintenance and utilities. Vehicle expenses were down mainly due to a drop in vehicle repairs and maintenance. Depreciation was \$(7,499) less than last year.

Operating and capital grants totaling \$912,923 offset these costs. This left net revenues (cost) to citizens of AVF of \$(6,662) prior to accounting for general revenues. A graph comparing the expenses with the program revenue generated is presented below.



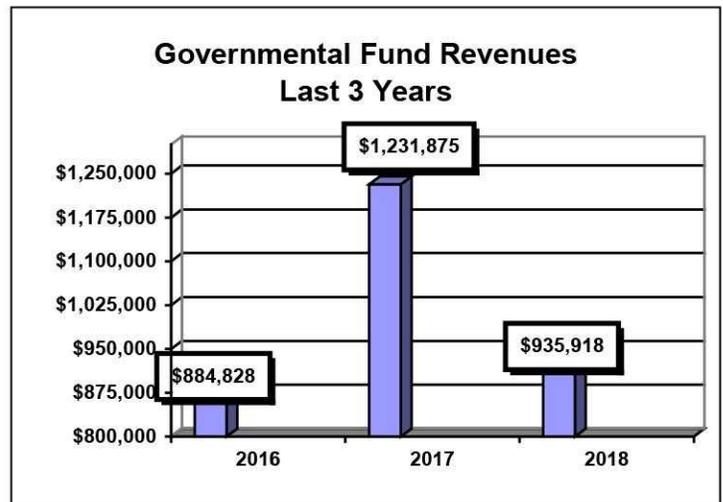
## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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, 2018, AVF'S governmental fund (i.e., the General Fund) reported ending fund balance of \$428,815, an increase of \$69,187 or 19.2 percent in comparison with the prior year. Approximately \$176,806 or 41.2 percent of this total constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remaining fund balance of \$252,009 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 decreased in 2018. The decrease was primarily due to drop of \$(304,474) in capital grants from the Parish for the purchase of radios, equipment and a vehicle (the truck was purchased last year). This decrease was offset by an increase in the millage allocation for operations of \$16,010. 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 20.4 percent of total general fund expenditures, as compared to 6.8 percent last year. Total fund balance represents 49.5 percent of total general fund expenditures, as compared to 25.0 percent last year.

The fund balance of AVF'S General fund increased by \$69,187 during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$935,918, while expenditures totaled \$866,731.
- Revenues decreased by \$(295,957) from the prior year, mainly because of:
  - Intergovernmental revenues totaled \$912,923, which is \$(289,947) less than last year. The millage allocation for operations from Jefferson Parish (i.e., property taxes) totaled \$756,000, which is \$16,010 more than last year. The Parish also provided \$140,715 for

capital purposes (new radios, equipment and a new vehicle). This is \$(304,474) less than last year. Finally, the State Fire Insurance Rebate totaled \$16,208 (down \$(1,483)).

- Miscellaneous income totaled \$22,679 (down \$(6,004)), as the dividend from the workers compensation plan of \$22,154 was recognized in 2018, along with reimbursements from the State for holding elections at the firehouse totaling \$525. The workers compensation dividend was \$(5,732) less than last year.
- Expenditures totaled \$866,731, a decrease of \$(572,328) or 39.8 percent compared to the prior year.
- Salaries and related costs increased \$31,708. Salaries were up slightly due to increases in salaries (raises given at the beginning of the year). Group health costs were up due to premium increases. Workers compensation was also up.
  - Firefighting costs and supplies were down \$(16,307) primarily due to a decrease in firefighting apparel and an increase in firefighting supplies (purchases of uniforms and firefighting gear made with Parish funds in the prior year).
  - Station expenses were up \$7,000 due to an increase in station repairs and utilities.
  - Vehicle expenses were down \$(4,320) due to decreases in vehicle repairs and maintenance.
  - Capital outlay was down \$(589,516) due to the purchase of new radios, some equipment and a new pumper truck in the prior year. Most of these capital purchases were funded with capital grants from the Parish in the prior year, although a portion was received in the current year to pay off the pumper truck.

### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets.** AVF’S investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$40,252 (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 \$(59,400) or 59.6 percent this year. Major capital asset events during the current fiscal year included the following:

- \$428 was spent on furniture and fixtures (new deep freezer).
- \$59,828 was recognized as depreciation expense.
- \$6,546 of net book value assets were transferred to the Parish (some additions to the pumper truck, 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)

	<b>Governmental Activities 2018</b>		<b>Governmental Activities 2017</b>
Land	\$ 8,834	\$	8,834
Buildings	2,942		11,031
Furniture and fixtures	9,564		15,394
Vehicles and firefighting equipment	18,912		64,393
<b>Total</b>	<b>\$ 40,252</b>	<b>\$</b>	<b>99,652</b>

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

**Long-term Debt.** At the end of 2018, AVF had total outstanding debt of \$-0-.

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

- The unemployment rate for the Parish of Jefferson is currently 3.70 percent, which is 0.10 percent higher than it was a year ago. The unemployment rate in the New Orleans MSA area is typically a little higher than both the state and federal levels due to a heavier reliance on the oil industry, seafood industry and tourism.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2018 (next year's) tax roll was 26.28 mills (23.98 operating and 2.30 bond), which is slightly less than 2017's 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. Budget figures presented by the Parish show the monthly allocation of property taxes went up slightly to \$66,183 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.

*(THIS PAGE LEFT BLANK INTENTIONALLY)*

## **BASIC FINANCIAL STATEMENTS**



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, 2018

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	
<b>Primary Government</b>					
Governmental Activities:					
Public Safety	\$ 859,757	\$ -	\$ 772,208	\$ 140,715	\$ 53,166
Unallocated depreciation expense	59,828	-	-	-	(59,828)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 919,585</u>	<u>\$ -</u>	<u>\$ 772,208</u>	<u>\$ 140,715</u>	<u>(6,662)</u>
<b>GENERAL REVENUES:</b>					
					316
					-
					-
					22,679
<b>TOTAL GENERAL REVENUE AND TRANSFERS</b>					
<u>22,995</u>					
<b>CHANGE IN NET POSITION</b>					
16,333					
<b>SPECIAL ITEM</b>					
					(6,546)
<b>NET POSITION</b>					
					459,280
					\$ 469,067

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, 2018

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Certificates of Deposit	\$ 421,143
Accounts Receivable	-
Prepaid items	10,994
<b>TOTAL ASSETS</b>	<u>\$ 432,137</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 1,815
Premiums payable	-
Salaries and related taxes payable	1,507
Total Liabilities	<u>3,322</u>
Fund Balance:	
Nonspendable	-
Restricted	-
Committed	-
Assigned	252,009
Unassigned	176,806
Total Fund Balance	<u>428,815</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 432,137</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, 2018

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

Total Fund Balances at December 31, 2018 - Governmental Funds (page 16)	\$	428,815
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$426,928 and the accumulated depreciation is \$386,676.		40,252
Total Net Position of Governmental Activities at December 31, 2018 (page 14)	<u>\$</u>	<u>469,067</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, 2018

	<u>General Fund</u>
<b>REVENUES</b>	
Intergovernmental	\$ 912,923
Service charges and reimbursements	-
Donations and gifts	-
Interest	316
Miscellaneous	22,679
<b>TOTAL REVENUES</b>	<u>935,918</u>
<b>EXPENDITURES</b>	
Current	
Public Safety	
Personnel and related costs	745,629
General and administrative costs	49,680
Firefighting costs and supplies	11,318
Station Expenses	34,054
Vehicle Expenses	18,216
Capital outlay	7,834
Debt Service	
Principal	-
Interest	-
<b>TOTAL EXPENDITURES</b>	<u>866,731</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	69,187
<b>OTHER FINANCING SOURCES</b>	
Capital lease	-
Loan proceeds	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>69,187</u>
<b>FUND BALANCE</b>	
Beginning of year	359,628
End of year	<u>\$ 428,815</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, 2018

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)	\$ 69,187
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.	(52,854)
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>\$ 16,333</u>

The accompanying notes are an integral part of this statement.

*(THIS PAGE LEFT BLANK INTENTIONALLY)*

**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, 2018**

**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, 2018**

**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, 2018**

**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 benefitted. 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.

3. 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.

4. 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, 2018**

**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, 2018 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) Codification Section 1800.142-162, 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, 2018**

**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 April 10, 2019, 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, 2018**

**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 \$(52,854) difference are as follows:

Capital outlay	\$	6,974
Depreciation expense		<u>(59,828)</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>\$ (52,854)</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, 2018, 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, 2018**

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

1. Deposits with Financial Institutions and Investments

**Deposits with Financial Institutions**

At December 31, 2018, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
<b>Value of Deposits in Banks</b>	\$ 378,839	\$ 42,319	\$ -	\$ 421,158
<b>Bank Balances of Deposits Exposed to Custodial Credit Risk:</b>				
A. Uninsured and uncollateralized	\$ 171,158	\$ -	\$ -	\$ 171,158
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>	\$ 171,158	\$ -	\$ -	\$ 171,158
<b>Total Cash Balances on Books - All Deposits</b>	\$ 378,824	\$ 42,319	\$ -	\$ 421,143

**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, 2018**

**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, 2017	Additions	Deletions	Transfers	Balance December 31, 2018
<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	81,555	428	-	-	81,983
Vehicles and heavy equipment	260,553	6,546	(6,546)	-	260,553
Total capital assets, being depreciated	<u>417,666</u>	<u>6,974</u>	<u>(6,546)</u>	<u>-</u>	<u>418,094</u>
Less Accumulated Depreciation for:					
Buildings	(64,527)	(8,089)	-	-	(72,616)
Furniture and fixtures	(66,161)	(6,258)	-	-	(72,419)
Vehicles and heavy equipment	(196,160)	(45,481)	-	-	(241,641)
Total accumulated depreciation	<u>(326,848)</u>	<u>(59,828)</u>	<u>-</u>	<u>-</u>	<u>(386,676)</u>
Total capital assets being depreciated, net	<u>\$ 90,818</u>	<u>\$ (52,854)</u>	<u>\$ (6,546)</u>	<u>\$ -</u>	<u>\$ 31,418</u>
Total governmental activities capital assets, net	<u>\$ 99,652</u>	<u>\$ (52,854)</u>	<u>\$ (6,546)</u>	<u>\$ -</u>	<u>\$ 40,252</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, in the prior years, all vehicles were removed from AVF's books and transferred to the Parish. In 2018, the \$6,546 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, 2018**

**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) Codification Section 1800.142-162. In accordance with this section, 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 \$252,009 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 2017 tax roll, the Parish levied 23.98 of the 25.00 mills available (due to the millage rate being "rolled back" in prior years). 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 2018 totaled \$756,000 or 80.8 percent of its total General Fund revenues. The Parish also provided \$140,715 to AVF during 2018 for capital purchases (\$135,000 to assist in purchasing new pumper truck and \$5,715 for some equipment). This generated another 15.0 percent of revenues.

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, 2018**

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

2. Litigation

There is no litigation pending against AVF at December 31, 2018.

**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 \$43,589. 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 2018, employees contributed \$39,982 to the plan and the employer match resulted in an expenditure of \$16,081. 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, 2018. 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, 2018

	<u>General Fund</u>
Intergovernmental	
Federal	
FEMA Public Assistance	\$ -
Jefferson Parish contract:	
Direct payments - ad valorem taxes	756,000
Direct payments - capital improvement subsidy	140,715
State	
Fire Insurance Rebate	16,208
Local	
Grant/Donation - City of Westwego	-
	<u>912,923</u>
Service charges and reimbursements	
Vending/ice sales	-
	<u>-</u>
Donations and gifts	
Others	-
	<u>-</u>
Interest	<u>316</u>
Miscellaneous	
Insurance proceeds	-
Sales of equipment	-
Dues	-
Other	22,679
	<u>22,679</u>
TOTAL REVENUES	<u>\$ 935,918</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, 2018

	<u>General Fund</u>
<b>Public Safety</b>	
Current	
Personnel and related costs	
Salaries - regular	\$ 487,787
Salaries - overtime	23,452
Salaries - tenure	3,940
Payroll taxes	43,589
Retirement	16,081
Health insurance	128,015
Unemployment insurance	89
Workmens' compensation	39,437
Uniforms and shirts	3,189
Physicals & drug testing	50
	<u>745,629</u>
General and administrative costs	
Accounting and legal	8,425
Bank charges	942
Insurance - auto	12,331
Insurance - general and liability	22,135
Membership dues	-
Miscellaneous	98
Office and computer supplies	3,857
Professional services - other	206
Telephone	1,686
Travel and conventions	-
	<u>49,680</u>
Firefighting costs and supplies	
Apparel	465
Dues	336
Firefighting supplies	8,352
Maintenance - radios & equipment	968
Training	1,010
Emergency supplies	187
	<u>11,318</u>
Station Expenses	
Food and beverages	1,955
R & M - buildings	11,470
Hurricane related costs	-
Station supplies	2,464
Utilities	18,165
	<u>34,054</u>
Vehicle Expenses	
Gas and oil	5,456
R & M - vehicles	12,760
	<u>18,216</u>
Capital outlay	
Buildings and grounds	-
Furniture and fixtures	428
Vehicles and equipment	7,406
	<u>7,834</u>
TOTAL CURRENT	<u>866,731</u>
Debt Service	
Principal	-
Interest	-
TOTAL DEBT SERVICE	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 866,731</u>

*(THIS PAGE LEFT BLANK INTENTIONALLY)*

## **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, 2018**

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

<u>Purpose</u>	<u>Amount</u>	
Salary	\$	55,891
State Supplemental Pay		6,000 (1)
Benefits - Insurance (Group Health)		7,291
Benefits - Payroll Taxes		4,781 (2)
Benefits - Retirement		1,857 (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, the 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**

*(THIS PAGE LEFT BLANK INTENTIONALLY)*

**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, 2018, and the related notes to the financial statements, which collectively comprise AVF's basic financial statements, and have issued my report thereon dated April 10, 2019.

**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 SD18-01, SD18-02, and SD18-03).

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

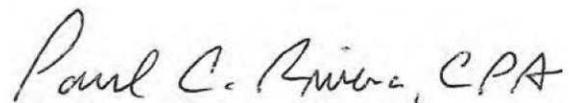
As part of obtaining reasonable assurance about whether AVF's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.



April 10, 2019

**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, 2018**

I have audited the financial statements of the Avondale Volunteer Fire Company, Inc. (AVF) as of and for the year ended December 31, 2018, and have issued my report thereon dated April 10, 2019. 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, 2018 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: 18-01, 18-02, and 18-03.

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**

**SD Comment # 18-01 - Inadequate Segregation of Duties**

Condition - I noted that the size of the AVF's operations are too small to provide for an adequate segregation of duties. AVF's Fire Chief is charged with most of the responsibilities relating to the cash receipts, cash disbursements, payroll and financial reporting cycles. AVF does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, (3) requiring the presentation of actual versus budget reports on a monthly basis, (4) the use of an outside bookkeeping firm to review the general ledger postings on a monthly basis, and (5) the preparation of the annual financial statements by the external CPA.

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, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of AVF in a timely manner.

**SD Comment # 18-02 - 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.

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.

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, 2018

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**SD Comment # 18-03 - 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.

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.

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, 2018

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**

Prior Year Comment No.	Description	Status
# 17-01	End of year journal entries, closing entries, and depreciation entries prepared by external auditor.	Not Resolved See CY Comment # 18-02
# 17-02	Financial statements prepared by external auditor.	Not Resolved See CY Comment # 18-03

(END)

**AGREED-UPON PROCEDURES REPORT  
FIRE DEPARTMENT OF TERRYTOWN FIFTH DISTRICT, LOUISIANA**

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

**For the Period from January 1, 2018 to December 31, 2018**

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., d/b/a Fire District No. 7 – Avondale Division (“AVF”), a non-profit entity, 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 period January 1, 2018 through December 31, 2018. The 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 observe whether those written policies and procedures address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):
  - 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/Collections***, 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: EXCEPTION NOTED - AVF has formal written policies and procedures when it comes to these various categories, except for travel and expense reimbursements. Ethics and Debt Service are not applicable to the non-profit entity.**

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

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**RESULTS: The Board meets with a quorum on a monthly basis.**

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major Special Revenue Funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

**RESULTS: The Fire Chief presents financial data to the Board at the board meeting on a monthly basis. The financial activity includes data related to the public funds. The minutes of the meetings reflect this. Data is also presented to the members**

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

**RESULTS: Not Applicable.**

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account.

**RESULTS: I obtained a list of bank accounts from AVF's management 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/contained public funds.**

Select the main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statements and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**RESULTS: Based on the number of accounts maintained by AVF, I selected the three public accounts for testing (General Checking, Payroll, and Money Market Savings). For those accounts, bank reconciliations were obtained for the month of June 2018, without exception. The bank reconciliations were prepared and reviewed by the Fire Chief within 19 days of the closing date. Initials of each are evident on the bank reconciliations. The Fire Chief also does 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.), if applicable. For those accounts selected, I did not note any item outstanding more than 12 months.**

### ***Collections***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**RESULTS: I obtained a list of deposit sites from AVF and management's representation that the list was complete. Per the listing, AVF's main station at 500 S. Jamie Blvd, Avondale, LA is the only deposit site.**

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete.

**RESULTS: I obtained a list of collection locations from AVF and management's representation that the list was complete. Per the listing, AVF's main station at 500 S. Jamie Blvd, Avondale, LA is the only collection location.**

Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that the job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit
- c) Each employee responsible for collecting cash is not responsible for posting collections entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**RESULTS: EXCEPTIONS NOTED - I reviewed the written policies or procedures for cash collections and noted that the Fire Chief is primarily responsible for all cash collection and deposit procedures (i.e., there is not a proper segregation of duties). I observed the following: a) cash drawers are not used; b) cash collections are made by an employee (the Fire Chief) who makes the deposit; however, an external CPA is involved in the reconciling process; c) the employee (Fire Chief) who collects cash does post entries to the general ledger; however, monthly reports are provided to the Board for review and approval; and d) the employee (the Fire Chief) responsible for reconciling cash collections to the general ledger is responsible for collecting cash; however, an external CPA reviews the reconciliations.**

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**RESULTS: EXCEPTION NOTED – AVF does not carry an insurance policy/surety bond on all employees handling cash and/or deposits.**

7. Randomly select two deposit dates for each of the bank accounts selected in procedure 3 under Bank Reconciliations above. Obtain supporting documentation for each of the deposits selected and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$10).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**RESULTS: I vouched the selected deposits to their supporting documentation, including the deposit slip. I also traced the deposit to the bank statement and observed that the deposits were made within 1 business day of collection. I was also able to trace the deposits to the posting in the general ledger.**

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

---

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

**RESULTS: I obtained a listing of locations that process payments for AVF and I obtained management's representation that the listing was complete. Per management, all payments are processed at the main fire station at 500 S. Jamie Blvd, Avondale, LA.**

9. For each location selected in Step 8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**RESULTS: EXCEPTIONS NOTED – There were written policies or procedures for processing payments; however, the policies indicate that the Fire Chief is responsible for most cash disbursement responsibilities (i.e., no segregation of duties). I also observed the following: a) at least two people are involved in initiating most purchases, b) the Fire Chief approves all invoices for payment (i.e., there are not two employees**

involved in this function), c) the Fire Chief is responsible for processing payments AND he has access to vendor files in QuickBooks, which includes the ability to add or delete as needed and no other employee reviews these changes, and d) the Fire Chief processes the payments AND is responsible for mailing the signed checks to vendors (although the checks do require two signatures).

10. For each location selected in Step 8 above, obtain the entity's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete.

**RESULTS: I obtained a listing of non-payroll disbursement transactions and I obtained management's representation that the listing was complete. For testing purposes, I used the detailed general ledger.**

Randomly select 5 disbursements for each location, obtain documentation for each transaction, and:

- a) Observe that the disbursement matched the related original invoice/billing.
- b) Observe that the disbursement documentation include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Step 9, as applicable.

**RESULTS: EXCEPTION NOTED – I randomly selected 5 transactions for testing and observed that all of the transactions were supported by a matching invoice or statement. The transactions also included evidence of who initiated the purchase or called for service (i.e., who initiated the service). Exceptions were noted in that 2 of the 5 transactions did not include evidence that the transaction was approved by someone separate from the initiator. All of the payments were processed with the approved purchase orders and invoices attached.**

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

---

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

**RESULTS: 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 five (5) corporate credit cards/accounts.**

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts or credit/debit card purchases, exception reports for excessive fuel card usage) 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: EXCEPTION NOTED - I selected 5 cards and obtained a monthly statement for each card. I observed no evidence that it was reviewed and approved by anyone other than the Fire Chief, whose name appears on several of the cards/accounts. (i.e., not reviewed by someone other than the account holder).**

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transaction if less than 10) from each statements, and obtain supporting documentation for the transaction (i.e., each card should have 10 transaction subject to testing). For each transaction, observe that it is supported by:

- An original itemized receipt that identifies precisely what was purchased;
- Written documentation of the business/public purpose; and
- Documentation of the individuals participating in meals (for meal charges only)

**RESULTS: EXCEPTIONS NOTED - Of the five cards tested, I examined supporting documents for 30 transactions. Of these transactions, all 30 of the transactions had an original itemized receipt; however, 8 transactions did not have the business purpose noted on the receipt or a purchase order attached explaining the individual purchases. None of the transactions tested involved meals.**

### *Travel and Expense Reimbursement*

---

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete.

**RESULTS: I obtained a listing of all travel and related expenditures charged to the various general ledger accounts. I obtained management's representation that the general ledger was complete.**

Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement was supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (see Step 1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**RESULTS: My review of the general ledger and discussions with management indicated that there were no travel expense costs or reimbursements incurred during 2018. The Parish's contract has severely limited how much training and travel is available and AVF did not have any during 2018.**

### *Contracts*

---

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete.

**RESULTS: I obtained the general ledger from AVF and scanned it for contract payments on professional services, materials and supplies, leases or construction activities. I obtained management's representation that the general ledger was complete.**

Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

**RESULTS: There were no contracts noted that would require bids under the Louisiana Public Bid Law.**

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

**RESULTS: There were no contracts entered into during 2018 that would require approval by the Board.**

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

**RESULTS: There were no contract amendments noted during 2018.**

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and condition of the contract.

**RESULTS: There were no contracts for professional services, materials and supplies leases or construction entered into or renewed during 2018 that would require testing.**

### *Payroll and Personnel*

---

16. Obtain a listing of employees and elected officials employed during the fiscal period and management's representation that the listing is complete.

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

Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under Step 16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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: For the 5 selected, I picked the May 18, 2018 pay period for testing. For that payroll, I vouched their attendance and leave to their time cards and/or time schedule, without exception.**

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

**RESULTS: Without exception, for each of the selected 5 employees, the time card and/or time schedule 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, without exception.**

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

**RESULTS: The AVF Fire Chief maintains a listing of vacation leave earned, used and balances available for each employee. If any leave was charged, it is posted to the leave records. For the 5 employees selected, three had taken leave on the pay date selected for testing and the amounts were properly deducted.**

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete.

**RESULTS: Not applicable – there were no terminations during 2018 that would require termination payments.**

Randomly select 2 employees/officials, obtain related documents of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/official's authorized pay rates in the employee/officials personal file.

**RESULTS: Not applicable – there were no terminations during 2018 that would require termination payments.**

Obtain management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**RESULTS: I obtained the management's representation that the employer and employee portions of federal and state taxes, retirement contributions to the 457 Deferred Compensation plan, health insurance premiums, and workers compensation premiums have been paid. Management has also represented that all required forms have been filed with the respective agencies by the required deadlines.**

#### *Ethics (excluding nonprofits)*

---

19. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

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

#### *Debt Service (excluding nonprofits)*

---

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

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

21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete.

**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, thus, no list was produced.**

Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

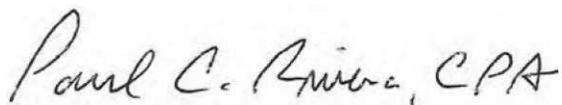
**RESULTS: Not Applicable – No misappropriations identified by management.**

23. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**RESULTS: AVF has posted the LLA Fraud Hotline Poster in its main station in the kitchen/break room on the bulletin board. It does not have an official website; therefore, the requirement to post to the website is not applicable.**

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.



Paul C. Rivera, CPA  
Marrero, Louisiana  
April 10, 2019



# AVONDALE VOLUNTEER FIRE COMPANY

## 7TH DISTRICT

JEFFERSON PARISH, LOUISIANA

April 10, 2019

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, 2018 to December 31, 2018. As a quasi-public non-profit 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 the Avondale Volunteer Fire (AVF) District (basically 1 employee), 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. We have drafted policies and procedures on most of the areas except that we have no written policies on travel and related reimbursements. The contract that we have with Jefferson Parish has gotten more and more restrictive on what training and travel is allowed. We have almost no formal training and travel outside of the area and/or department. For 2018, we incurred \$-0- on travel. Despite the lack of a segregation of duties, 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 all in writing. We do try to have some mitigating controls in place when we can, for example, we require two signatures on all disbursements (i.e., someone other than just the Fire Chief). We also require monthly financial statements..

**AUP 5b,c, and d – The employee responsible for collecting cash is responsible for preparing/making bank deposits; the employee responsible for collecting cash is responsible for posting collections to the general ledger; and the employee responsible for reconciling cash collections to the general ledger by revenue source is responsible for collecting cash.**

RESPONSE: As noted previously, AVF operates with a small staff. The Fire Chief handles most administrative and accounting duties. We do not have the funds to hire additional staff to address this situation at this time. We actually do not collect cash in too many instances anyway. The bulk of our collections come via ACH or check from the Parish or the State. When we sell fire/arson reports, they are typically paid for by check made payable to AVF. We don't believe there are enough opportunities for the Fire Chief to steal cash that would require us to hire additional personnel.

**AUP 6 – AVF does not carry an insurance policy/surety bond on all employees handling cash and/or deposits.**

RESPONSE: As noted previously, AVF operates with a small staff. The Fire Chief handles most administrative and accounting duties. We actually do not collect cash in too many instances anyway. The bulk of our collections come via ACH or check from the Parish or the State. When we sell fire/arson reports, they are typically paid for by check made payable to AVF. We don't believe there are enough opportunities for the Fire Chief to steal cash that would require us to hire additional personnel. We don't believe the risk versus the cost of the premiums warrant this expense.

**AUP 9b, c, and d – There are not two employees involved in approving payments to vendors. The approval is made solely by the Fire Chief. The employee responsible for processing payments (the Fire Chief) can also add/modify the vendor files in QuickBooks. Finally, the employee responsible for signing checks (the Fire Chief) also mails the payment to the vendor.**

RESPONSE: As noted previously, AVF operates with a small staff (essentially 1 administrative employee). The Fire Chief handles most administrative and accounting duties. Under our guidelines, the Fire Chief has expenditure approval and approves all purchase orders and invoices for payment. Also, we utilize QuickBooks as our in-house general ledger/accounting package. QuickBooks does not really contain any controls over adding or deleting vendor files. Since we only have one employee involved in the financial office, he has access to the vendor files and can add or delete at will. Finally, the Fire Chief does have the responsibility of mailing the checks after they are signed; however, it should be noted that the checks do require two signatures (i.e., not just from the Fire Chief)

We have tried to put mitigating controls in place by having the Fire Chief present financial data to the Board on a monthly basis. We also require dual signatures on all checks. We also have an external CPA review the bank reconciliations and postings on a monthly basis. Since the President is fairly involved in the operations, his involvement and reviews provide some relief to the fact that the Fire Chief can add or delete vendors without review or approval. We are cognizant of the lack of segregation of duties within the financial office and will continue to monitor financial activity accordingly.

**AUP 10b - Of the 5 non-payroll disbursements tested, 2 of the 5 transactions had no evidence that the transaction was approved by someone other than the person who initiated the purchase.**

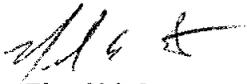
RESPONSE: As noted previously, AVF is a small entity with only 1 administrative employee (the Fire Chief). Our expenditure guidelines give the Fire Chief authority to make purchase and payment approvals without someone else's approval. We do have mitigating controls in place in that two people must sign the checks before payment is issued. The Board also reviews the expenses each month.

**AUP 12a – Of the 30 credit card transactions tested, 8 did not have the business purpose noted on the receipt and/or a purchase order attached explaining the purchase.**

RESPONSE: The 8 exceptions occurred on the smaller cards that we do not utilize too many times during the year. The payment on the statement was approved and receipts were attached, we just didn't have the business purpose noted for each individual item. We instituted a policy where all receipts on the Regions VISA account are supported with a receipt and a Purchase Order documenting the purchase and the business purpose of the transaction. Most of our purchases are self-evident; however, we will consider extending this procedure to the other smaller cards as well.

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,



Fire Chief  
Avondale Volunteer Fire Department