

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, 2022

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INDEPENDENT AUDITOR'S REPORT

To the President and Board of
Avondale Volunteer Fire Company, Inc.
d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division
Avondale, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Avondale Volunteer Fire Company, Inc. d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Avondale Volunteer Fire Company, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities and the major fund of the Avondale Volunteer Fire Company, Inc. as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Avondale Volunteer Fire Company, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Avondale Volunteer Fire Company, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avondale Volunteer Fire Company, Inc.'s internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

June 30, 2023

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

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, 2022.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 18.

FINANCIAL HIGHLIGHTS

- The assets of AVF exceeded its liabilities at the close of the most recent fiscal year by \$606,480 (*net position*). Of this amount, \$79,299 or 13.12% is invested in capital assets, such as buildings and equipment. The remaining balance of \$527,181 (*unrestricted net position*) or 86.9% may be used to meet the government’s ongoing obligations to citizens and creditors.
- AVF’S total net position decreased by \$145,030 during the current year because expenses exceeded revenues by that amount. Revenues were down \$254,486 from the prior year primarily due to insurance proceeds received in 2021 relating to Hurricane Ida. Expenses in 2022 increased by \$96,970 primarily due to station expenses related to Hurricane Ida.
- As of the close of the current fiscal year, AVF’S governmental fund (the General Fund) reported ending fund balance of \$527,181, a decrease of \$145,030 or 21.6% in comparison with the prior year. Approximately \$351,930 or 66.8% of this total amount is available for spending at the government’s discretion (*unassigned fund balance*). The balance of \$175,251 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 \$351,930 or 32% of total general fund expenditures. This compares to 47% in 2021.

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.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 18 and 19 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.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 20 to 23 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 24 to 33 of this report.

Other information

General fund schedules, which show additional detailed financial information on the General Fund, are found on pages 34 and 36. The state-mandated Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer is found on page 37.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities – Net Position

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 \$606,480 at December 31, 2022, as shown below.

13.1% percent of AVF’s net position reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, heavy equipment). AVF uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The balance of *unrestricted net position* (\$527,181 or 86.9%) may be used to meet the government’s ongoing obligations to citizens and creditors.

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

| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|--|------------------------------------|------------------------------------|------------------------------|-----------------------------|
| Current and other assets | \$ 542,075 | \$ 683,298 | \$ (141,223) | -20.7% |
| Capital assets | 79,299 | 75,026 | 4,273 | 5.7% |
| Total Assets | <u>621,374</u> | <u>758,324</u> | <u>(136,950)</u> | <u>-18.1%</u> |
| Current liabilities | 14,894 | 11,087 | 3,807 | 34.3% |
| Total Liabilities | <u>14,894</u> | <u>11,087</u> | <u>3,807</u> | <u>34.3%</u> |
| Net Position | | | | |
| Invested in capital assets, net of related debt | 79,299 | 75,026 | 4,273 | 5.7% |
| Unrestricted | 527,181 | 672,211 | (145,030) | -21.6% |
| Total Net Position | <u>\$ 606,480</u> | <u>\$ 747,237</u> | <u>\$ (140,757)</u> | <u>-18.8%</u> |

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities – Statement of Activities

AVF’S total net position decreased by \$140,757 or 181.6% during the current fiscal year as seen below, as expenses exceeded revenues.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
CONDENSED STATEMENTS OF ACTIVITIES

| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|------------------------------------|------------------------------------|------------------------------------|------------------------------|-----------------------------|
| Revenues | | | | |
| Program revenues | | | | |
| Operating grants and contributions | \$ 880,097 | \$ 857,703 | 22,394 | 2.6% |
| Capital grants and contributions | 36,299 | 42,536 | (6,237) | -14.7% |
| General revenues | | | | |
| Unrestricted interest | 34 | 44 | (10) | -22.7% |
| Miscellaneous | 22,444 | 293,077 | (270,633) | -92.3% |
| Total revenues | <u>938,874</u> | <u>1,193,360</u> | <u>(254,486)</u> | <u>-21.3%</u> |
| Expenses | | | | |
| Public safety | 1,051,605 | 954,635 | 96,970 | 10.2% |
| Unallocated depreciation expense | 28,026 | 28,644 | (618) | -2.2% |
| Total expenses | <u>1,079,631</u> | <u>983,279</u> | <u>96,352</u> | <u>9.8%</u> |
| Special item | | | | |
| Transfer of assets to the Parish | - | (37,488) | 37,488 | -- |
| Change in net position | (140,757) | 172,593 | (313,350) | -181.6% |
| Net position - beginning of year | 747,237 | 574,644 | 172,593 | 30.0% |
| Net position - end of year | <u>\$ 606,480</u> | <u>\$ 747,237</u> | <u>\$ (140,757)</u> | <u>-18.8%</u> |

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities - Revenues

Revenue in 2022 saw a decrease of \$254,486 or 21.3% from the prior year. Key elements of this decrease are as follows:

AVONDALE VOLUNTEER FIRE COMPANY, INC.
GOVERNMENTAL ACTIVITIES - REVENUES

| | Revenues 2022 | Revenues 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|--------------------------------|-------------------|---------------------|------------------------------|-----------------------------|
| Intergovernmental | | | | |
| State | \$ 30,556 | \$ 16,203 | \$ 14,353 | 88.6% |
| Jefferson Parish | 885,840 | 884,036 | 1,804 | 0.2% |
| Interest | 34 | 44 | (10) | -22.7% |
| Miscellaneous | | | | |
| Insurance proceeds | - | 271,862 | (271,862) | -100.0% |
| Worker's compensation dividend | 22,444 | 20,691 | 1,753 | 8.5% |
| Other | - | 524 | (524) | -100.0% |
| TOTAL REVENUES | \$ 938,874 | \$ 1,193,360 | \$ (254,486) | -21.3% |

In the current year,

- The State provided \$30,556 to AVF for fire insurance rebates an increase of \$14,353 from the prior year.
- The Parish of Jefferson levied an ad valorem tax in the District and remitted \$845,800 to AVF under a cooperative endeavor agreement in which the Parish remits a fixed monthly amount to AVF depending on the estimated tax collections. In addition, AVF received \$36,299 in capital grants from the Parish of Jefferson for the purchase of capital assets. The Parish of Jefferson also remitted \$3,741 under a cooperative endeavor agreement related to Hurricane Ida. This was a total of \$885,840 received from Jefferson Parish an increase of \$1,804 from the prior year.
- LWCC (dividends on the workman’s compensation policy) increased from the prior year by \$1,753.
- AVF received no insurance proceeds in 2022. AVF received \$271,862 in insurance proceeds related to Hurricane Ida in the prior year. The decline in revenue for the year is primarily due to the lack of insurance proceeds in the current year.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities – Expenses

Expenses totaled \$1,079,631 including current year depreciation of \$28,026. This is an increase of \$96,352 or 9.8% from the prior year. As a fire district, the only function AVF provides is the public safety function. A comparison of the AVF’s public safety expenses for the current year and prior year are shown below.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
PUBLIC SAFETY EXPENSES

| | Public Safety Expenses 2022 | % of Total | Public Safety Expenses 2021 | % of Total | \$ Increase (Decrease) | % Increase (Decrease) |
|----------------------------------|-----------------------------------|------------------|-----------------------------------|------------------|------------------------------|-----------------------------|
| Personnel and related costs | \$ 849,844 | 78.7% | \$ 845,332 | 86.0% | \$ 4,512 | 0.5% |
| General and administrative costs | 69,359 | 6.4% | 49,198 | 5.0% | 20,161 | 41.0% |
| Firefighting costs and supplies | 5,919 | 0.5% | 7,308 | 0.7% | (1,389) | -19.0% |
| Station Expenses | 105,270 | 9.8% | 31,126 | 3.2% | 74,144 | 238.2% |
| Vehicle Expenses | 21,213 | 2.0% | 21,671 | 2.2% | (458) | -2.1% |
| Depreciation Expense | 28,026 | 2.6% | 28,644 | 2.9% | (618) | -2.2% |
| Total public safety expenses | <u>\$ 1,079,631</u> | <u>100.0%</u> | <u>\$ 983,279</u> | <u>100.0%</u> | <u>\$ 96,352</u> | <u>9.8%</u> |

In the current year,

- The largest increase in expenses was station expenses of \$74,144 related to repairs and maintenance of the station due to Hurricane Ida. The bay doors of the firehouse had to be replaced.
- General and administrative expenses increased by \$20,161 over the prior year due to purchase of firehouse software, increase in liability insurance and accounting fees over the prior year.
- Personnel costs increase over the prior year was due to an increase in group health insurance, workmen’s compensation insurance and base salaries offset by a decrease in overtime.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities – Capital Assets

AVF’S investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$79,299 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. AVF’S investment in capital assets increased by \$4,273 or 5.7% this year.

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

| | Capital Assets 2022 | Capital Assets 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|------------------------------|---------------------------|---------------------------|------------------------------|-----------------------------|
| Land | \$ 8,834 | \$ 8,834 | \$ - | 0.0% |
| Buildings | - | - | - | - |
| Furniture and fixtures | 1,990 | 1,767 | 223 | 12.6% |
| Vehicles and heavy equipment | 68,475 | 64,425 | 4,050 | 6.3% |
| Total | <u>\$ 79,299</u> | <u>\$ 75,026</u> | <u>\$ 4,273</u> | 5.7% |

In the current year, the AVF purchased capital assets in the amount of \$32,299.

In the current year, AVF initiated the process of having the firehouse at 201 W. Tish Drive demolished. The demolition was completed in January 2023. AVF had fully depreciated the building prior to this fiscal year, the AVF however, removed the building and associated accumulated depreciation from its books in the current fiscal year.

\$28,026 was recognized as depreciation expense.

Additional information on AVF’S capital assets can be found in Note C.2.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

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 – Fund Balance

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, 2022, AVF’S governmental fund (i.e., the General Fund) reported ending fund balance of \$527,181, a decrease of \$141,223 or 20.7% in comparison with the prior year as shown below. Approximately \$351,930 or 66.8% of this total constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remaining fund balance of \$175,251 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).

AVONDALE VOLUNTEER FIRE COMPANY, INC.
CONDENSED BALANCE SHEET - GOVERNMENTAL FUNDS

| | 2022 | 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|------------------------------------|-------------------|-------------------|------------------------------|-----------------------------|
| Current and other assets | \$ 542,075 | \$ 683,298 | \$ (141,223) | -20.7% |
| Total Assets | <u>542,075</u> | <u>683,298</u> | <u>(141,223)</u> | <u>-20.7%</u> |
| Current liabilities | \$ 14,894 | \$ 11,087 | 3,807 | 34.3% |
| Total Liabilities | <u>14,894</u> | <u>11,087</u> | <u>3,807</u> | <u>34.3%</u> |
| Net Position | | | | |
| Assigned | 175,251 | 200,234 | (24,983) | -12.5% |
| Unassigned | 351,930 | 471,977 | (120,047) | -25.4% |
| Total Fund Balance | <u>527,181</u> | <u>672,211</u> | <u>(145,030)</u> | <u>-21.6%</u> |
| Total Liabilities and Fund Balance | <u>\$ 542,075</u> | <u>\$ 683,298</u> | <u>\$ (141,223)</u> | <u>-20.7%</u> |

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental Funds – Changes in Fund Balance

For the year ended December 31, 2022, AVF’S governmental fund (i.e., the General Fund) reported excess of expenditures over revenues of \$145,030.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

| | General Fund 2022 | General Fund 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|-----------------------------------|-------------------------|-------------------------|------------------------------|-----------------------------|
| Revenues | | | | |
| Intergovernmental | 916,396 | 900,239 | 16,157 | 1.8% |
| Miscellaneous | 22,478 | 293,121 | (270,643) | -92.3% |
| Total revenues | <u>938,874</u> | <u>1,193,360</u> | <u>(254,486)</u> | <u>-21.3%</u> |
| Expenditures | | | | |
| Public safety | 1,083,904 | 1,001,107 | 82,797 | 8.3% |
| Total expenditures | <u>1,083,904</u> | <u>1,001,107</u> | <u>82,797</u> | <u>8.3%</u> |
| Excess expenditures over revenues | (145,030) | 192,253 | (337,283) | -175.4% |
| Fund balance - beginning of year | 672,211 | 479,958 | 192,253 | 40.1% |
| Fund balance - end of year | <u>\$ 527,181</u> | <u>\$ 672,211</u> | <u>(145,030)</u> | <u>-21.6%</u> |

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental Funds – Revenues

As shown below, the General Fund revenues decreased in 2022 by \$254,486 or 21.3% from the prior year, primarily due to the reduction in insurance proceeds received in 2021 of \$271,862 and \$0 in 2022. The intergovernmental increase of \$16,157 is primarily due to the increase in the state fire insurance rebate received in the current year.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
GOVERNMENTAL FUND - REVENUES

| | Revenues 2022 | Revenues 2021 | \$ Increase (Decrease) | % Increase (Decrease) |
|--------------------------------|--------------------------|----------------------------|------------------------------|-----------------------------|
| Intergovernmental | | | | |
| State | | | | |
| Fire Insurance Rebate | 30,556 | 16,203 | 14,353 | 88.6% |
| Jefferson Parish contract: | | | | |
| Ad valorem taxes | 845,800 | 841,500 | 4,300 | 0.5% |
| Capital improvement subsidy | 36,299 | 42,536 | (6,237) | -14.7% |
| Parish Cooperative Agreement | 3,741 | - | 3,741 | -- |
| | <u>916,396</u> | <u>900,239</u> | <u>16,157</u> | 1.8% |
| Interest | <u>34</u> | <u>44</u> | <u>(10)</u> | -22.7% |
| Miscellaneous | | | | |
| Insurance proceeds | - | 271,862 | (271,862) | -100.0% |
| Worker's compensation dividend | 22,444 | 20,691 | 1,753 | 8.5% |
| Other | - | 524 | (524) | -100.0% |
| | <u>22,444</u> | <u>293,077</u> | <u>(270,633)</u> | -92.3% |
| TOTAL REVENUES | <u><u>\$ 938,874</u></u> | <u><u>\$ 1,193,360</u></u> | <u><u>\$ (254,486)</u></u> | -21.3% |

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS (continued)

Governmental Funds – Expenditures

As shown below, the General Fund expenditures increased in 2022 by \$82,797 or 8.3% from the prior year, primarily due to the increase in station expenses and general administrative costs offset by a decrease in capital outlay.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
GOVERNMENTAL FUND - EXPENDITURES

| | Public Safety | | Public Safety | | \$ | % |
|----------------------------------|---------------|--------|---------------|--------|------------------------|------------------------|
| | 2022 | | 2021 | | Increase (Decrease) | Increase (Decrease) |
| Personnel and related costs | \$ 849,844 | 78.7% | \$ 845,332 | 86.0% | \$ 4,512 | 0.5% |
| General and administrative costs | 69,359 | 6.4% | 49,198 | 5.0% | 20,161 | 41.0% |
| Firefighting costs and supplies | 5,919 | 0.5% | 7,308 | 0.7% | (1,389) | -19.0% |
| Station expenses | 104,600 | 9.7% | 31,126 | 3.2% | 73,474 | 236.1% |
| Vehicle expenses | 21,213 | 2.0% | 21,671 | 2.2% | (458) | -2.1% |
| Capital outlay | 32,969 | 3.1% | 46,472 | 4.7% | (13,503) | -29.1% |
| Total | \$ 1,083,904 | 100.4% | \$ 1,001,107 | 101.8% | \$ 82,797 | 8.3% |

Governmental Funds – Liquidity

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. As shown below, unassigned fund balance represents 32.5% of total general fund expenditures, as compared to 47.1% last year. Total fund balance represents 48.6% of total general fund expenditures, as compared to 67.1% last year.

AVONDALE VOLUNTEER FIRE COMPANY, INC.
GOVERNMENTAL FUNDS - LIQUIDITY

| | General Fund | % of | General Fund | % of |
|--------------------|--------------|-----------------------|--------------|-----------------------|
| | 2022 | Total Expenditures | 2021 | Total Expenditures |
| Fund Balance | | | | |
| Assigned | \$ 175,251 | 16.2% | \$ 200,234 | 20.0% |
| Unassigned | 351,930 | 32.5% | 471,977 | 47.1% |
| Total Fund Balance | \$ 527,181 | 48.6% | \$ 672,211 | 67.1% |
| Total Expenditures | \$ 1,083,904 | | \$ 1,001,107 | |

AVONDALE VOLUNTEER FIRE COMPANY, INC.
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH – AVONDALE DIVISION
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

ECONOMIC FACTORS AND NEXT YEAR’S RATES

The ad valorem millage rate levied by the Parish of Jefferson for the 2023 (next year’s) tax roll was 25.00 mills. 2023 Budget figures presented by the Parish show the monthly allocation of property taxes to AVF to remain at \$70,483. The AVF has worked with the Parish and has received an increase in allocation to \$82,483 monthly for the 2023 fiscal year.

REQUEST 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.

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

STATEMENT OF NET POSITION
December 31, 2022

| | GOVERNMENTAL ACTIVITIES |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 542,075 |
| Capital assets (net of accumulated depreciation) | |
| Land | 8,834 |
| Buildings | - |
| Furniture and fixtures | 1,990 |
| Vehicles and firefighting equipment | 68,475 |
| Total Capital Assets | 79,299 |
| TOTAL ASSETS | 621,374 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and other current liabilities | 11,464 |
| Accrued payroll and deductions | 3,430 |
| Total Current Liabilities | 14,894 |
| TOTAL LIABILITIES | 14,894 |
| NET POSITION | |
| Net investment in capital assets | 79,299 |
| Unrestricted | 527,181 |
| TOTAL NET POSITION | \$ 606,480 |

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 31, 2022

| FUNCTION | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENTAL ACTIVITIES |
|----------------------------------|---------------------|-------------------------------|---|---|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | |
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| Public Safety | \$ 1,051,605 | \$ - | \$ 880,097 | \$ 36,299 | \$ (135,209) |
| Unallocated depreciation expense | 28,026 | - | - | - | (28,026) |
| Total governmental activities | <u>\$ 1,079,631</u> | <u>\$ -</u> | <u>\$ 880,097</u> | <u>\$ 36,299</u> | <u>(163,235)</u> |
| | | GENERAL REVENUES | | | |
| | | | | | 34 |
| | | | | | 22,444 |
| | | | | | <u>22,478</u> |
| | | CHANGE IN NET POSITION | | | (140,757) |
| | | NET POSITION | | | |
| | | | | | 747,237 |
| | | | | | <u>\$ 606,480</u> |

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, 2022

| | General Fund |
|---|---------------------|
| ASSETS | |
| Cash and Certificates of Deposit | \$ 542,075 |
| TOTAL ASSETS | \$ 542,075 |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | \$ 11,464 |
| Salaries and related taxes payable | 3,430 |
| Total Liabilities | 14,894 |
| Fund Balance: | |
| Assigned | 175,251 |
| Unassigned | 351,930 |
| Total Fund Balance | 527,181 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 542,075 |

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, 2022

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

| | |
|---|-------------------|
| Total Fund Balances at December 31, 2022 - Governmental Funds (page 16) | \$ 527,181 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$566,783 and the accumulated depreciation is \$487,484 | 79,299 |
| Total Net Position of Governmental Activities at December 31, 2022 (page 14) | <u>\$ 606,480</u> |

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, 2022

| | General Fund |
|---|---------------------|
| REVENUES | |
| Intergovernmental | \$ 916,396 |
| Interest | 34 |
| Miscellaneous | 22,444 |
| TOTAL REVENUES | 938,874 |
| EXPENDITURES | |
| Current | |
| Public Safety | |
| Personnel and related costs | 849,844 |
| General and administrative costs | 69,359 |
| Firefighting costs and supplies | 5,919 |
| Station Expenses | 104,600 |
| Vehicle Expenses | 21,213 |
| Capital outlay | 32,969 |
| TOTAL EXPENDITURES | 1,083,904 |
| EXCESS OF REVENUES OVER EXPENDITURES | (145,030) |
| FUND BALANCE | |
| Beginning of year | 672,211 |
| End of year | \$ 527,181 |

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 BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

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) | \$ (145,030) |
| 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. | 4,273 |
| Change in net position of governmental activities (page 15) | <u>\$ (140,757)</u> |

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, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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, 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 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
December 31, 2022

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
December 31, 2022

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(s).

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.

4. Budget

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

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

A. *Cash and Investments*

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

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022 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 - 5 |
| Vehicles and heavy equipment | 3 - 20 |

D. Fund Equity

In accordance with Government Accounting Standards Board (GASB) Codification Section 1800, 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
December 31, 2022

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 June 26, 2023 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
December 31, 2022

NOTE B - 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, 2022, AVF was in compliance with all of the significant conditions of the agreement.

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Cash and Cash Equivalents

At December 31, 2022, deposits with financial institutions and cash per books consisted of the following:

| | December 31, 2021 | | |
|--|-------------------|----------------------------|------------|
| | Cash | Certificates of Deposit | Total |
| Value of Deposits in Banks | \$ 498,834 | \$ 43,317 | \$ 542,151 |
| FDIC Insurance | 250,000 | - | 250,000 |
| Uninsured and uncollateralized bank balances | \$ 248,834 | \$ 43,317 | \$ 292,151 |
| Total Cash Balances per Books | \$ 498,758 | \$ 43,317 | \$ 542,075 |

At December 31, 2022, the AVF's cash and cash equivalents (book balances) total \$542,075. These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Deposits. At December 31, 2022, the AVF had \$542,151 in deposits (collected bank balances) in one local financial institution. These deposits were not fully secured from risk. The uninsured bank balances were \$292,151 at December 31, 2022.

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, 2022

NOTE C - 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, 2021 | Additions | Deletions | Balance December 31, 2022 |
|--|---------------------------------|-----------|-----------|---------------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 8,834 | \$ - | \$ - | \$ 8,834 |
| Total capital assets, not being depreciated | 8,834 | - | - | 8,834 |
| Capital assets, being depreciated | | | | |
| Buildings | 75,558 | - | (22,120) | 53,438 |
| Furniture and fixtures | 82,861 | 1,387 | - | 84,248 |
| Vehicles and heavy equipment | 367,231 | 30,912 | - | 398,143 |
| Total capital assets, being depreciated | 525,650 | 32,299 | (22,120) | 535,829 |
| Less accumulated depreciation | | | | |
| Buildings | 75,558 | - | (22,120) | 53,438 |
| Furniture and fixtures | 81,094 | 1,164 | - | 82,258 |
| Vehicles and heavy equipment | 302,806 | 26,862 | - | 329,668 |
| Total accumulated depreciation | 459,458 | 28,026 | (22,120) | 465,364 |
| Total capital assets, being depreciated, net | 66,192 | 4,273 | - | 70,465 |
| Total governmental activities, capital assets, net | \$ 75,026 | \$ 4,273 | \$ - | \$ 79,299 |

In the current year, the AVF purchased capital assets in the amount of \$32,299. Capital asset purchases during the current fiscal year included the following:

- Ford F250 lighting, camper top and accessories \$14,532
- Rescue airbags of \$12,942
- Flotation pump \$3,348
- Computer \$1,387

In the current year, AVF initiated the process of having the firehouse at 201 W. Tish Drive demolished. The demolition was completed in January 2023. AVF had fully depreciated the building prior to this fiscal year, the AVF however, removed the building and associated accumulated depreciation from its books in the current fiscal year.

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, 2022

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

2. Capital Assets (continued)

In the current year, the AVF recorded depreciation expense of \$28,026.

The Parish of Jefferson adopted a 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.

3. Fund Balance Components

Per Note A., AVF follows the requirements of Government Accounting Standards Board (GASB) Codification Section 1800. 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 \$200,234 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 D - ECONOMIC DEPENDENCE

The Parish Council levies a 25.00 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 25.00 mill tax.

The remittance to AVF from the Parish of this millage during 2022 totaled \$845,800 or 90.1% of its total General Fund 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.

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, 2022

NOTE E - 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.

2. Litigation

There is no known litigation pending against AVF at December 31, 2022.

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%, AVF contributes 7.65% to the System. Aggregate pension costs for the year are \$49,679. 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 future years. AVF matches the contribution up to 3%. For 2022, employees contributed \$62,852 to the plan and the employer match resulted in an expenditure of \$17,988. 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.

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, 2022

NOTE G - OTHER INFORMATION (CONTINUED)

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 \$53,490 for the year ended December 31, 2022. The supplemental pay is included in the taxable income of the firefighters so that federal and state taxes may be applied.

4. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2023, no events occurred that require disclosure.

**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, 2022**

| | <u>General Fund</u> |
|--|---------------------|
| Intergovernmental | |
| State | |
| Fire Insurance Rebate | \$ 30,556 |
| Jefferson Parish contract: | |
| Direct payments - ad valorem taxes | 845,800 |
| Direct payments - capital improvement subsidy | 36,299 |
| Direct payments - cooperative agreement disaster | 3,741 |
| | 916,396 |
| Interest | 34 |
| Miscellaneous | |
| Insurance proceeds | - |
| Worker's compensation dividend | 22,444 |
| Other | - |
| | 22,444 |
| TOTAL REVENUES | \$ 938,874 |

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 EXPENDITURES
For the Year Ended December 31, 2022

| | <u>General Fund</u> |
|-----------------------------------|---------------------|
| Public Safety | |
| Personnel and related costs | |
| Salaries - regular | \$ 548,513 |
| Salaries - overtime | 20,869 |
| Salaries - vacation buy-back | 8,538 |
| Salaries - tenure | 4,830 |
| Payroll taxes | 49,679 |
| Retirement | 17,988 |
| Health insurance | 145,339 |
| Unemployment insurance | 98 |
| Workmens' compensation | 50,259 |
| Uniforms and shirts | 3,586 |
| Physicals & drug testing | 145 |
| | 849,844 |
| General and administrative costs | |
| Accounting and legal | 10,030 |
| Bank charges | 912 |
| Insurance - auto | 13,731 |
| Insurance - general and liability | 28,979 |
| Membership dues | 256 |
| Miscellaneous | 3,455 |
| Office and computer supplies | 9,832 |
| Professional services - other | 930 |
| Telephone | 1,234 |
| | 69,359 |
| Firefighting costs and supplies | |
| Bunker gear | 430 |
| Fire prevention week costs | 416 |
| Firefighting supplies | 3,455 |
| Training | 1,618 |
| | 5,919 |

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 EXPENDITURES
For the Year Ended December 31, 2022

| | <u>General Fund</u> |
|------------------------|---------------------|
| Public Safety | |
| Station Expenses | |
| Food and beverages | 1,418 |
| R & M - buildings | 81,235 |
| Station supplies | 2,372 |
| Utilities | 19,575 |
| | 104,600 |
| Vehicle Expenses | |
| Gas and oil | 8,817 |
| R & M - vehicles | 12,396 |
| | 21,213 |
| Capital outlay | |
| Furniture and fixtures | 76 |
| Vehicles and equipment | 32,893 |
| | 32,969 |
| TOTAL EXPENDITURES | \$ 1,083,904 |

**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, 2022**

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

| <u>Purpose</u> | <u>Amount</u> |
|--|---------------|
| Salary | \$ 62,954 |
| State Supplemental Pay | 6,138 (1) |
| Benefits - Insurance (Group Health) | 11,304 |
| Benefits - Payroll Taxes | 5,444 (2) |
| Benefits - Retirement | 2,073 (3) |
| Car Allowance | - |
| Vehicle Provided by Agency | - (4) |
| Per Diem | - |
| Reimbursements | - |
| Travel | - |
| Registration Fees | - |
| Conference Travel | - |
| Continuing Professional Education Fees | - |
| Housing | - |
| Unvouchered Expenses | - |
| Special Meals | - |

Notes to Schedule

- (1) State Supplemental Pay is paid directly to the employee by the State of Louisiana. It is included in taxable wages to the employee by AVF so that federal and state payroll taxes can be paid on these wages
- (2) AVF employees do not participate in any qualified state pension plans. Instead, they pay social security and medicare taxes. This amount represents the amount of taxes paid by the employer (AVF).
- (3) During 2021, 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 of commuting. The truck is primarily used for public safety purposes. The vehicle is also clearly marked with insignias and painted as a firefighter vehicle.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Avondale Volunteer Fire Company, Inc., 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, 2022, and the related notes to the financial statements, which collectively comprise Avondale Volunteer Fire Company, Inc.'s basic financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Avondale Volunteer Fire Company, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avondale Volunteer Fire Company, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Avondale Volunteer Fire Company, Inc.'s internal control

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified . Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We identified deficiencies in internal control, as described in the accompanying schedule of findings and responses as items 2022-1 and 2022-2, which we consider to be a significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avondale Volunteer Fire Company, Inc.’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Avondale Volunteer Fire Company, Inc.’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Avondale Volunteer Fire Company, Inc.’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Avondale Volunteer Fire Company, Inc.’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Avondale Volunteer Fire Company, Inc.’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.

Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 30, 2023

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, 2022

We have audited the financial statements of the Avondale Volunteer Fire Company, Inc. (AVF) as of and for the year ended December 31, 2022, and have issued our report thereon dated June 30, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2022 resulted in an unmodified opinion.

SECTION I - SUMMARY OF AUDITOR'S REPORTS

a) Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Was a management letter issued? Yes No

b) Federal Awards

AVF did not expend federal awards exceeding \$750,000 during the year ended December 31, 2022, and therefore is exempt from the audit requirements under the Uniform Guidance.

SECTION II - FINANCIAL STATEMENT FINDINGS

a) Issues of Noncompliance - None

b) Material Weakness - None

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, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

c) Significant Deficiencies –

2022-1 Inadequate Segregation of Duties

Condition – We noted that the size of the AVF's operations are too small to provide for an adequate segregation of duties.

Criteria – Internal control is a process (affected by those charged with governance, management, and other personnel) - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations

Cause - 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.

Effect – Failure to adequately segregate accounting and financial functions increases the risk that errors including fraud may occur and not be prevented or detected.

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

Management's Response: Can be found on page 45.

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, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

c) Significant Deficiencies (continued)

2022-2 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. 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, due to the cost constraints of acquiring the ability to prepare the financial statements in accordance with the modified cash basis of accounting.

Cause: Statement of Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. SAS 115 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.

Effect: AVF engages the auditor to prepare its annual financial statements.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. 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 115. We do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, we do not believe any corrective action is necessary

Management's Response: Can be found on page 45.

d) Management Letter - None

Section III Federal Award Findings and Questions Costs

Not applicable

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

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022

A. Issues of Noncompliance

None

B. Material Weakness

None

C. Significant Deficiencies

2021-1 - Inadequate Segregation of Duties

Condition & Criteria

We noted that the size of the AVF's operations are too small to provide for an adequate segregation of duties. Internal control is a process (affected by those charged with governance, management, and other personnel) - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations

Recommendation

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

Current Status

Unresolved. See item 2022-1

2021-2 Preparation of Financial Statements by Auditor

Condition & Criteria

AVF does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements. 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, due to the cost constraints of acquiring the ability to prepare the financial statements in accordance with the modified cash basis of accounting.

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

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022

C. Significant Deficiencies (continued)

2022-2 Preparation of Financial Statements by Auditor

Recommendation

Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. 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 115. We do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, we do not believe any corrective action is necessary

Current Status

Unresolved. See item 2022-1

D. Management Letter

None

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

**MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2022**

2022-1 Inadequate Segregation of Duties

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.

2022-2 Preparation of Financial Statements by Auditor

The AVF's management and board members are familiar with the day-to-day accounting requirements and the monthly reporting requirements; however, due to limited staffing and funding we do not consider it practical to provide sufficient training to our staff to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the President and Board of
Avondale Volunteer Fire Company, Inc.
d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division
Avondale, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 to through December 31, 2022 for the Avondale Volunteer Fire Company, Inc. d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division. Avondale Volunteer Fire Company, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Avondale Volunteer Fire Company, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - iv. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - v. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vi. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - vii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - viii. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - ix. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - x. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- xi. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Procedures performed. No exceptions noted. Non profits are excluded from Ethics, Debt Service and Sexual Harassment requirements

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: The Board did not meet with a quorum at least monthly as set forth in the bylaws for AVF.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: Procedures performed. No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not

- also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
 - D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and

Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results 4B: The Fire Chief primarily collects the cash, prepares the bank deposits and records in the accounting system. Compensating controls: (1) Monthly reports are submitted to the Board of Directors and (2) the external CPA reconciles the bank statement.

Results 4C: AVF does not have an insurance policy for theft coverage for employees who have access to cash.

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

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

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results 5C: The Fire Chief has the primary responsibility of cash disbursement for AVF. Due to the small size of the entity. The Fire Chief processes and approves payments to vendors. The Fire Chief adds and modifies vendor files in the accounting system. Although checks require two signatures the Fire Chief who processes payments also mails the payments.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management’s representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: Procedures performed. No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Procedures performed. No exceptions noted.

8) Contracts

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

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Procedures performed. No exceptions noted.

9) Payroll and Personnel

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

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: Procedures performed. No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: This section not applicable to non profits.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This section not applicable to non profits.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: This section not applicable to non profits.

Camnetar & Co., CPAs

a professional accounting corporation

We were engaged by Avondale Volunteer Fire Company, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Avondale Volunteer Fire Company, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 30, 2023

AVONDALE VOLUNTEER FIRE DEPARTMENT INC.
d/ba
FIRE PROTECTION DISTRICT NO. 7 OF
JEFFERSON PARISH – AVONDALE DIVISION
500 SOUTH JAMIE BLVD.
AVONDALE, LA 70094

June 30, 2023

To: Edward L. Camnetar, Jr. CPA
Camnetar & Co. CPAs

Michael J. Waguespack, CPA
Louisiana Legislative Auditor

Re: Management's Response to the Result of the Agreed-Upon Procedures Engagement

We appreciate this opportunity to provide explanations for any exceptions noted during the application of the Louisiana Legislative Auditor's Agreed-Upon Procedures for the period January 1, 2022 to December 31, 2022. 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 within the seventh district of Jefferson Parish 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;

RESULTS OF AUP 2 – The Board did not meet with a quorum at least monthly, set forth in the bylaws for AVF.

AVF's RESPONSE: AVF had difficulty meeting with a quorum due to the ongoing impacts of Covid19 and medical issues with members of the Board. AVF will work to ensure meetings are held per the bylaws.

RESULTS OF AUP 4B - The Fire Chief primarily collects the cash, prepares the bank deposits and records in the accounting system. Compensating controls: (1) Monthly reports are submitted to the Board of Directors and (2) the external CPA reconciles the bank statement.

AVF's RESPONSE: AVF operates with a small staff. The Fire Chief handles most administrative and accounting duties. We do not have the funding to hire additional staff to address this situation at this time. We actually do not collect cash in too many instances anyway. The majority of our collections come via ACH or check from the Parish or the State. When we sell fire 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.

AVONDALE VOLUNTEER FIRE DEPARTMENT INC.

d/ba

**FIRE PROTECTION DISTRICT NO. 7 OF
JEFFERSON PARISH – AVONDALE DIVISION**

RESULTS OF AUP 4C - AVF does not have an insurance policy for theft coverage for employees who have access to cash.

AVF's 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. We don't believe the risk versus the cost of the premiums warrant this expense.

RESULTS OF AUP 5C - The Fire Chief has the primary responsibility of cash disbursement for AVF. Due to the small size of the entity. The Fire Chief processes and approves payments to vendors. The Fire Chief adds and modifies vendor files in the accounting system. Although checks require two signatures the Fire Chief who processes payments also mails the payments.

AVF's RESPONSE: As noted previously, AVF operates with a small staff. 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.

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,



Michael Ortiz
Fire Chief