

**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, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/17/11

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, as of and for the year ended December 31, 2010, which collectively comprise AVF's basic financial statements as listed in the table of contents. These financial statements are the responsibility of AVF's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of AVF as of December 31, 2010 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 22, 2011, on my consideration of AVF's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise AVF's financial statements as a whole. The individual fund statements and schedules and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


April 22, 2011

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish – Avondale Division, we offer readers of AVF'S financial statements this narrative overview and analysis of the financial activities of AVF for the fiscal year ended December 31, 2010.

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

FINANCIAL HIGHLIGHTS

- The assets of AVF exceeded its liabilities at the close of the most recent fiscal year by \$279,771 (*net assets*). Of this amount, \$157,314 or 56.2 percent is invested in *capital assets*, such as vehicles and equipment. The remaining balance of \$122,457 (*unrestricted net assets*) or 43.8 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- AVF'S total net assets decreased by (\$62,878) or 18.4 percent during the current year because the net program expenses exceeded the general revenues by that amount.
- As of the close of the current fiscal year, AVF'S governmental fund (the General Fund) reported ending fund balance of \$122,457, a decrease of (\$39,039) or 24.2 percent in comparison with the prior year. Approximately \$122,457 or 100.0 percent of this total amount is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$122,457 or 21.6 percent of total general fund expenditures. This compares to 24.7 percent last year.
- AVF'S had no outstanding long-term debt at June 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to AVF'S basic financial statements. As noted above, AVF'S adoption of GASB Statement No. 34 significantly changed the format and presentation of AVF'S financial report. AVF'S basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The "Statement of Net Assets" presents information on all of AVF'S assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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.

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 28 of this report.

Other information. Individual fund statements and schedules, which show additional detailed financial information on the General Fund, are found on pages 30 and 31.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of AVF, assets exceeded liabilities by \$279,771 at December 31, 2010.

A large portion of AVF’S net assets (56.2 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, vehicles and heavy equipment); less any related debt used to acquire those assets that is still outstanding. AVF used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although AVF’S investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities <u>2010</u>		Governmental Activities <u>2009</u>	
Current and other assets	\$ 122,862		\$ 161,380	
Capital assets	<u>157,314</u>		<u>181,153</u>	
Total Assets	<u>280,176</u>		<u>342,533</u>	
Long-term liabilities outstanding	-		-	
Other liabilities	<u>405</u>		<u>(116)</u>	
Total Liabilities	<u>405</u>		<u>(116)</u>	
Net Assets:				
Invested in capital assets, net of related debt	157,314	56.2%	181,153	52.9%
Restricted	-	0.0%	-	0.0%
Unrestricted	<u>122,457</u>	43.8%	<u>161,496</u>	47.1%
Total Net Assets	<u>\$ 279,771</u>		<u>\$ 342,649</u>	

The balance of *unrestricted net assets* (\$122,457 or 43.8 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At December 31, 2010, AVF is able to report positive fund balances in all three categories of net assets.

AVF’S net assets decreased by (\$62,878) during the current fiscal year.

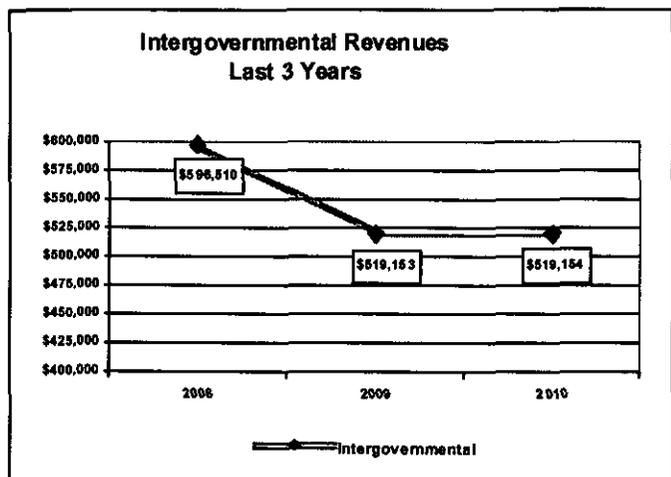
Governmental Activities. Governmental activities decreased AVF’S net assets by (\$62,878) or 18.4 percent. Key elements of this decrease are as follows:

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

	Governmental Activities		Governmental Activities	
	2010		2009	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	-	0.0%	1,632	0.3%
Capital grants and contributions	-	0.0%	96,808	15.6%
General revenues:				
Intergovernmental	519,154	98.4%	519,153	83.5%
Unrestricted interest	703	0.1%	1,500	0.2%
Unrestricted gifts and donations	-	0.0%	1,000	0.2%
Miscellaneous	7,857	1.5%	1,913	0.3%
Total revenues	<u>527,714</u>	<u>100.0%</u>	<u>622,006</u>	<u>117.9%</u>
Expenses:				
Public Safety	590,592	100.0%	722,889	100.0%
Total expenses	<u>590,592</u>	<u>100.0%</u>	<u>722,889</u>	<u>100.0%</u>
Increase in net assets	(62,878)		(100,883)	
Net assets - Beginning of year	342,649		443,532	
Net assets - end of year	<u>\$ 279,771</u>		<u>\$ 342,649</u>	

➤ In the prior year, operating grants of \$1,632 related to FEMA public assistance grants for Hurricanes Katrina (in 2005), Gustav (in 2008) and Ike (in 2008). These reimbursements were for overtime and equipment usage. The capital grant of \$96,808 in 2009 was for an Office of Homeland Security – Assistance to Firefighters grant. This grant was used to purchase various firefighting supplies and equipment. None of these grants recurred in 2010.

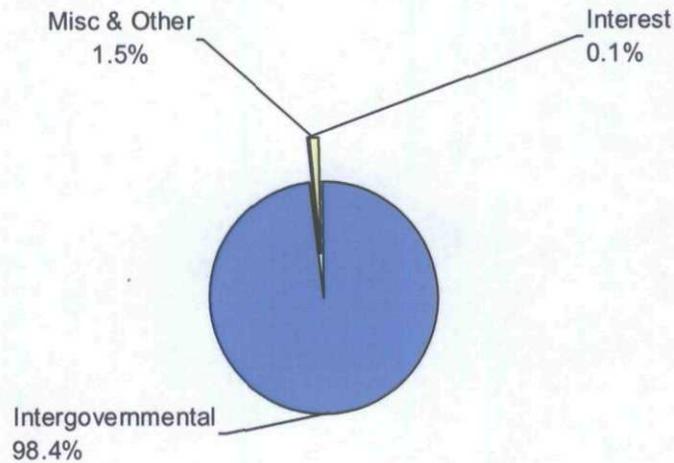
➤ Intergovernmental revenues come from the Parish of Jefferson and the State. The Parish levies an ad valorem tax in the District and remits a certain amount to AVF each month to provide funding to the Fire District. This allocation came in at \$504,000 for 2010, which is the same as the prior year. Finally, the State provided \$15,154 to AVF for fire insurance rebates.



➤ Miscellaneous income of \$7,857 was made up of various items and was \$5,944 more than last year. This year's revenue included \$3,041 in insurance claims for damage to a generator and \$3,616 for a refund from LWCC for dividend on the workman's compensation policy.

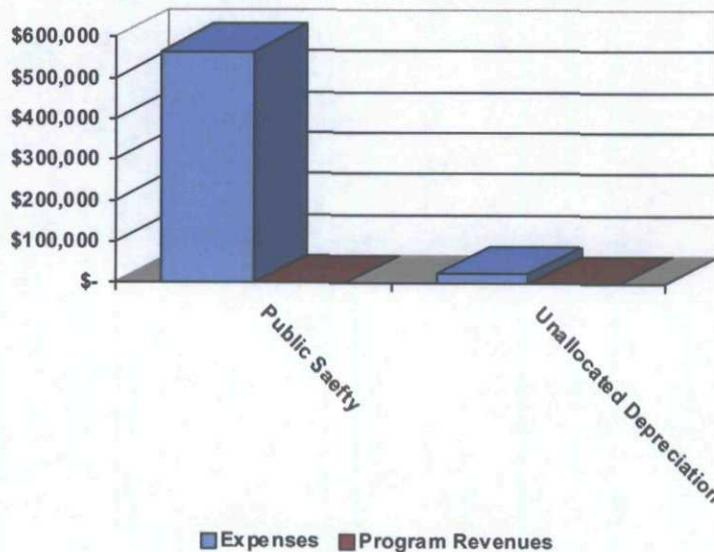
➤ A breakdown of the revenues received by AVF'S governmental activities is as follows:

Revenues by Source - Governmental Activities



Expenses totaled \$590,592, including current year depreciation of \$24,327. This is a decrease of (\$132,297) from the prior year. As a fire district, the only function AVF provides is the public safety function. The main changes were seen in personnel and related costs (up \$7,839), general and administrative costs (up \$5,492), firefighting costs (down \$97,688), station expenses (up \$2,226), and vehicle expenses (up \$4,040). Salaries were up slightly due to overtime and related taxes. General administrative costs were up primarily because of an increase in auto insurance. Firefighting costs were down mainly due to purchases made in the prior year under the firefighting assistance grant (this grant did not recur in 2010). Station expenses were up primarily in station supplies and utilities. Vehicle expenses were up due to an increase in the cost of gasoline and repairs to various trucks. There were no program revenues (charges for services or grants) during 2010, leaving a net revenue (cost) to citizens of AVF of (\$590,592). A graph comparing the expenses with the program revenue generated is presented below.

Expenses and Program Revenues by Function/Bureau



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

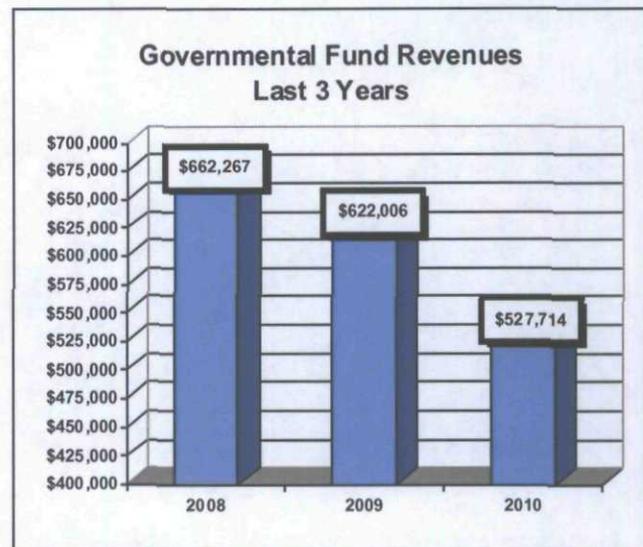
As noted earlier, AVF uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of AVF'S "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing AVF'S financing requirements. In particular, *unreserved 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, 2010, AVF'S governmental fund (i.e., the General Fund) reported ending fund balance of \$122,457, a decrease of (\$39,039) or 24.2 percent in comparison with the prior year. Approximately \$122,457 or 100.0 percent of this total constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

As noted above, the governmental funds include the general operating funds of AVF (i.e., the General Fund). Overall, as the graph shows, Governmental Fund revenues have decreased slightly each of the last three years. The decreases are seen in intergovernmental grants (FEMA reimbursements and Fire Fighting Grants). Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized.

As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.6 percent of total general fund expenditures. This compares to 24.7 percent last year.



The fund balance of AVF'S General fund decreased by (39,039) during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$527,714, while expenditures totaled \$566,753.
- Revenues decreased by (\$94,292) from the prior year, mainly because of:
 - Federal grants were down (\$98,440) – the net of decreases of \$96,808 from the OHS – Firefighter grant and \$1,632 in FEMA reimbursements (Gustav and Ike). These 2009 grants did not recur in 2010.
 - Intergovernmental allocation (i.e., Property taxes) totaled \$519,154, which \$1 less than last year. The Parish's ad valorem tax allocation remained the same at \$504,000. The State Fire Insurance Rebate totaled \$15,154 (up \$1).
 - Miscellaneous income was up \$5,944, as proceeds from insurance for a damaged generator (\$3,041) and a dividend from the workers compensation plan (\$3,616) were recognized in 2010.

- Expenditures totaled \$566,753, a decrease of (\$85,920) or 13.2 percent compared to the prior year.
 - Salaries and related costs increased \$7,839 due to overtime related costs.
 - General and administrative costs were up \$5,492 due to an increase in auto insurance (up \$4,064) and travel and conventions (up \$2,915),
 - Firefighting costs and supplies were down (\$97,688) due to purchases made under the firefighters assistance grant in 2009 not recurring 2010,
 - Station expenses were up \$2,226 due to increases in station supplies (up \$915) and utilities (\$up \$1,028),
 - Vehicle expenses were up \$4,040 due to an increase in vehicle repairs and maintenance of \$1,191 and an increase of \$2,849 in gas and oil (due to rising prices),
 - Capital outlays were down (\$7,829) due to the purchase of a new truck in 2009 and no such large expenditures in 2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. AVF'S investment in capital assets for its governmental activities as of December 31, 2010 amounts to \$157,314 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. AVF'S investment in capital assets decreased by (\$23,839) or 13.2 percent this year.

Major capital asset events during the current fiscal year included the following:

- \$488 was spent on furniture and fixtures (a new printer and a new television for the kitchen were purchased).
- \$24,327 was recognized as depreciation expense.

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

	Governmental Activities	Governmental Activities
	2010	2009
Land	\$ 8,834	\$ 8,834
Buildings	-	-
Furniture and fixtures	1,480	2,932
Vehicles and firefighting equipment	147,000	169,387
Total	\$ 157,314	\$ 181,153

Additional information on AVF'S capital assets can be found in Note D.2 on page 27.

Long-term Debt. At the end of 2010, AVF had total outstanding debt of \$-0-.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

- The unemployment rate for the Parish of Jefferson is currently 6.5 percent, which is 1.7 percent higher than it was a year ago as the national recession is now being felt in the area.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2010 (next year's) tax roll was 27.85 mills (25.00 operating and 2.85 bond). This rate increased 5.59 mills and next year's allocation is going from \$42,000 per month to \$65,000 per month based on preliminary budget figures presented by the Parish.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 122,862
Investments	-
Receivables (net of allowance for uncollectibles)	-
Other assets	-
Capital assets (net of accumulated depreciation)	
Land	8,834
Buildings	-
Furniture and fixtures	1,480
Vehicles and firefighting equipment	147,000
TOTAL ASSETS	280,176
LIABILITIES	
Accounts payable and other current liabilities	-
Accrued payroll and deductions	405
Deferred revenue	-
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	-
TOTAL LIABILITIES	405
NET ASSETS	
Invested in capital assets, net of related debt	157,314
Restricted for:	
Debt service	-
Other	-
Unrestricted	122,457
TOTAL NET ASSETS	\$ 279,771

The accompanying notes are an integral part of this statement.

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government					
Governmental Activities:					
Public Safety	\$ 566,265	\$ -	\$ -	\$ -	\$ (566,265)
Unallocated depreciation expense	24,327	-	-	-	(24,327)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 590,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(590,592)</u>
GENERAL REVENUES:					
					504,000
					-
					15,154
					703
					-
					-
					7,857
TRANSFERS IN (OUT)					
					-
TOTAL GENERAL REVENUE AND TRANSFERS					<u>527,714</u>
CHANGE IN NET ASSETS					(62,878)
NET ASSETS					
Beginning of Year					342,649
End of Year					<u>\$ 279,771</u>

The accompanying notes are an integral part of this statement.

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

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2010

	<u>General Fund</u>
ASSETS	
Cash and Certificates of Deposit	\$ 122,862
Accounts Receivable	-
Prepaid items	-
TOTAL ASSETS	<u><u>\$ 122,862</u></u>
LIABILITIES, EQUITY & OTHER CREDITS	
Liabilities:	
Accounts payable	\$ -
Premiums payable	-
Salaries and related taxes payable	405
Total Liabilities	<u>405</u>
Equity & Other Credits:	
Fund Balance	
Unreserved, undesignated	122,457
Total Equity & Other Credits	<u>122,457</u>
TOTAL LIABILITIES, EQUITY & OTHER CREDITS	<u><u>\$ 122,862</u></u>

The accompanying notes are an integral part of this statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

Total Fund Balances at December 31, 2010 - Governmental Funds (page 16)	\$ 122,457
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,057,861 and the accumulated depreciation is \$900,547.	157,314
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:	
Capital lease payable	-
Total Net Assets of Governmental Activities at December 31, 2010 (page 14)	<u>\$ 279,771</u>

The accompanying notes are an integral part of this statement.

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 519,154
Service charges and reimbursements	-
Donations and gifts	-
Interest	703
Miscellaneous	7,857
TOTAL REVENUES	<u>527,714</u>
EXPENDITURES	
Current	
Public Safety	
Personnel and related costs	476,307
General and administrative costs	47,096
Firefighting costs and supplies	2,361
Station Expenses	25,583
Vehicle Expenses	14,918
Capital outlay	488
Debt Service	
Principal	-
Interest	-
TOTAL EXPENDITURES	<u>566,753</u>
EXCESS OF REVENUES OVER EXPENDITURES	(39,039)
OTHER FINANCING SOURCES	
Capital lease	-
Loan proceeds	-
EXCESS (DEFICIENCY) OF REVENUES AND	
OTHER FINANCING SOURCES OVER EXPENDITURES	<u>(39,039)</u>
FUND BALANCE	
Beginning of year	161,496
End of year	<u>\$ 122,457</u>

The accompanying notes are an integral part of this statement.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

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)	\$ (39,039)
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.	(23,839)
Change in net assets of governmental activities (page 15)	<u>\$ (62,878)</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

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

Fund Financial Statements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AVF reports the following major governmental funds:

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

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

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

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Intergovernmental revenues received from the Parish in connection with the cooperative endeavor agreement are recognized in the year to be benefitted. All other service charges and intergovernmental revenues are recognized as received. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recognized as expenditures only when payment is due.

4. Budgets

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

5. Assets, Liabilities, and Net Assets or Equity

A. *Cash and Investments*

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

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, 2010 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. The levees and breakwaters are divided into reaches and are capitalized as such. Any major "lifts" or improvements to an existing levee/reach is capitalized as an addition to that levee/reach.

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

Asset Category	Useful Life in Years
Buildings and improvements	20
Furniture and fixtures	3 to 5
Vehicles and heavy equipment	3 to 20

D. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$23,839) difference are as follows:

Capital outlay	\$	488
Depreciation expense		(24,327)
		(24,327)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>		\$ (23,839)
		(23,839)

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Compliance with Cooperative Endeavor Agreement

As a quasi-public corporation, AVF is not subject to all of the general statutes governing political subdivisions and other governments within the State of Louisiana. Instead, AVF must comply with the terms and conditions of the cooperative endeavor agreement it has with the Parish of Jefferson. As of December 31, 2010, AVF was in compliance with all of the significant conditions of the agreement.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At December 31, 2010, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
Book Value of Deposits in Banks	\$ 62,722	\$ 60,140	\$ 0	\$ 122,862
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0	\$ 0
B. Uninsured and collateralized with securities held by pledging institution	0	0	0	0
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name	0	0	0	0
Total Bank Balances Exposed to Custodial Credit Risk	\$ 0	\$ 0	\$ 0	\$ 0
Total Bank Balances - All Deposits	\$ 64,753	\$ 60,140	\$ 0	\$ 124,893

Investments

AVF had no investments during the year.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

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

2. Capital Assets

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

	Balance December 31, 2009	Additions	Deletions	Transfers	Balance December 31, 2010
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 8,834	\$ 0	\$ 0	\$ 0	\$ 8,834
Total capital assets, not being depreciated	\$ 8,834	\$ 0	\$ 0	\$ 0	\$ 8,834
Capital assets, being depreciated					
Buildings	\$ 53,496	\$ 0	\$ 0	\$ 0	\$ 53,496
Furniture and fixtures	32,887	488	0	0	33,375
Vehicles and heavy equipment	962,156	0	0	0	962,156
Total capital assets, being depreciated	1,048,539	488	0	0	1,049,027
Less accumulated depreciation for:					
Buildings	(53,496)	0	0	0	(53,496)
Furniture and fixtures	(29,955)	(1,940)	0	0	(31,895)
Vehicles and heavy equipment	(792,769)	(22,387)	0	0	(815,156)
Total accumulated depreciation	(876,220)	(24,327)	0	0	(900,547)
Total capital assets being depreciated, net	\$ 172,319	\$ (23,839)	\$ 0	\$ 0	\$ 148,480
Total governmental activities capital assets, net	\$ 181,153	\$ (23,839)	\$ 0	\$ 0	\$ 157,314

AVONDALE VOLUNTEER FIRE COMPANY, INC. (AVF)
d/b/a
FIRE PROTECTION DISTRICT NO. 7 OF JEFFERSON PARISH -
AVONDALE DIVISION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

NOTE E - ECONOMIC DEPENDENCE

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

On the 2009 tax roll, the Parish levied 22.26 mills of the 25.00 available and the remittance to AVF during 2010 for operations totaled \$504,000 or 95.5 percent of its total revenues.

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Risk Management

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

2. Litigation

There is no litigation pending against AVF at December 31, 2010.

NOTE G - OTHER INFORMATION

1. Retirement

AVF's employees are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, AVF contributes an equal amount to the System. Aggregate pension costs for the year is \$28,207. AVF does not guarantee the benefits granted by the Social Security System.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

GOVERNMENTAL FUNDS - GENERAL FUND
DETAILED SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Fund</u>
Intergovernmental	
Federal	
OHS - Firefighters Assistance Grants	\$ -
FEMA Public Assistance	-
Jefferson Parish contract:	
Direct payments - ad valorem taxes	504,000
Direct payments - fire truck subsidy	-
State	
Fire Insurance Rebate	15,154
	<u>519,154</u>
Service charges and reimbursements	
Vending/ice sales	-
	<u>-</u>
Donations and gifts	
Others	-
	<u>-</u>
Interest	<u>703</u>
Miscellaneous	
Insurance proceeds	3,041
Sales of equipment	-
Dues	-
Other	4,816
	<u>7,857</u>
TOTAL REVENUES	<u>\$ 527,714</u>

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

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Fund</u>
Public Safety	
Current	
Personnel and related costs	
Salaries	\$ 318,435
Payroll taxes	28,207
Health insurance	90,090
Unemployment insurance	85
Workmens' compensation	36,129
Uniforms and shirts	1,461
Physicals & drug testing	1,900
	<u>476,307</u>
General and administrative costs	
Accounting and legal	3,550
Insurance - auto	11,033
Insurance - general and liability	15,578
Membership dues	331
Miscellaneous	6,392
Office and computer supplies	2,576
Telephone	1,835
Travel and conventions	5,801
	<u>47,096</u>
Firefighting costs and supplies	
Dues	234
Firefighting supplies	808
Maintenance - radios & equipment	1,069
Training	250
	<u>2,361</u>
Station Expenses	
R & M - buildings	8,412
Hurricane related costs	-
Station supplies	3,230
Utilities	13,941
	<u>25,583</u>
Vehicle Expenses	
Gas and oil	8,081
R & M - vehicles	6,837
	<u>14,918</u>
Capital outlay	
Buildings and grounds	-
Furniture and fixtures	338
Vehicles and rescue equipment	150
	<u>488</u>
 TOTAL EXPENDITURES	 <u>\$ 566,753</u>

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COMPLIANCE SECTION

Paul C. Rivera, CPA

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

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

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Avondale Volunteer Fire Company, Inc. ("AVF"), a non-profit entity d/b/a Fire Protection District No. 7 of Jefferson Parish - Avondale Division, as of and for the year ended December 31, 2010, which collectively comprise AVF's basic financial statements, and have issued my report thereon dated April 22, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered AVF's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AVF's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of AVF's internal control over financial reporting.

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, detected or corrected in a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses, that I consider to be significant deficiencies in internal control over financial reporting (See Findings 10-01 and 10-02).

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.

COMPLIANCE AND OTHER MATTERS

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

AVF's responses to the findings in my audit is described in the accompanying schedule of findings and responses. I did not audit AVF's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of AVF's management, the Louisiana Legislative Auditor, all applicable Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, the report is distributed by the Legislative Auditor as a public document.

Paul C. Rivers, CPA

April 22, 2011

**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, 2010**

I have audited the financial statements of the Avondale Volunteer Fire Company, Inc. (AVF) as of and for the year ended December 31, 2010, and have issued my report thereon dated April 22, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S REPORTS

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

Internal Control:

Significant Deficiencies: 10-01 and 10-02.

No Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted

B. Federal Awards - not applicable

C. Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

10-01 - End of Year Journal Entries

Condition and Criteria

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

Cause

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

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

**SCHEDULE OF FINDINGS
For the Year Ended December 31, 2010**

Recommendation

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

Management's Response

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

10-02 - Preparation of Financial Statements by Auditor

Condition and Criteria

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

Cause

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

Recommendation

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

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

**SCHEDULE OF FINDINGS
For the Year Ended December 31, 2010**

Management's Response

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

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

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
# 09-01	End of year journal entries, closing entries, and depreciation entries prepared by external auditor.	See CY Comment # 10-01
# 09-02	Financial statements prepared by external auditor.	See CY Comment # 10-02

(END)